



July 13, 2010

Mr. Michael Hoey, Secretary-Treasurer  
Transportation Union  
112 South Hoopes Avenue  
Auburn, NY 13021

Case Number: [REDACTED]  
LM Number: 005414

Dear Mr. Hoey:

This office has recently completed an audit of Transportation Union under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on April 30, 2010, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

#### Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 982's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 982 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Local Chairman David Murphy totaling at least \$192. For example, he was reimbursed monthly for AOL online services although no documentation or bill was found for this expense.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Reimbursed Auto Expenses

Local Chairman David Murphy received reimbursement for business use of his personal vehicle but did not retain adequate documentation to support payments to him totaling at least \$385. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Failure to Record Receipts

Local 982 did not record in its receipts records receipts from various sources totaling at least \$212. For example, a deposit for \$212 was made that was not recorded in the union ledger. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Receipt Dates not Recorded

Entries in Local 982's general ledger reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

5. Failure to Record Receipts and Disbursements

As I discussed during the exit interview with you and followed up with Local Chairman David Murphy, the audit revealed that Local 982 does not have a clear policy regarding the collection of money for the annual clambake. Money collected for the annual clambake

should be deposited into a union held account and disbursements for bills for the clambake should be made from this account. OLMS recommends that unions adopt written guidelines concerning such matters.

Based on your assurance that Local 982 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local 982 for fiscal year ending December 31, 2009, was deficient in that:

##### Cash Reconciliation

It appears that the cash figures reported in Item 25(Cash) are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 982 has since filed an amended Form LM-3 for fiscal year ending December 31, 2009, to correct the deficient items discussed above.

#### Other Issue

##### Signing of Union Checks

During the audit, you advised that President Powell cannot always sign checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, not following this procedure does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 982 review these procedures to improve internal control of union funds.

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I want to extend my personal appreciation to Transportation Union Local 982 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Dennis Powell, President  
Mr. David Murphy, Local Chairman