



September 7, 2011

Mr. Stanley Reed, Secretary-Treasurer
Locomotive Engineers Division 106
1604 Brook Court
Ossian, IN 46777

Case Number: [REDACTED]
LM Number: 004721

Dear Mr. Reed:

This office has recently completed an audit of Locomotive Engineers Division 106 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 September 7, 2011, 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 Division 106's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Division 106 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,340. For example, there were some vouchers missing for reimbursed automobile mileage for officers and for dues reimbursements. There was a

missing voucher for a funeral donation. Some of the original bills for Verizon phone charges were missing as well as some receipts for the credit union picnic and the Christmas party.

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. Lost Wages

Division 106 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$4,058. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Division 106 officers did not use a lost wage voucher that identified the union business conducted. The union officers used vague memos that did not describe the union business and contained only the first initial and last name of a person as a purpose.

During the exit interview, I provided a sample of an expense voucher Division 106 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Lack of Salary Authorization

Division 106 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Division 106 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

1. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Division 106 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

Division 106 has filed a copy of its revised constitution and bylaws.

I want to extend my personal appreciation to Locomotive Engineers Division 106 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. Kurt Kintner, President