

U.S. Department of Labor

Office of Labor-Management Standards
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March 28, 2012

Mr. Thomas Murray, President
Transport Workers Local 2054
[REDACTED]
[REDACTED]

Case Number: [REDACTED]
LM Number: 069439

Dear Mr. Murray:

This office has recently completed an audit of Transport Workers Local 2054 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 and Treasurer Michael Sullivan on March 26, 2012, 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 Transport Workers Local 2054's 2010 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 2054's receipts 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.

2. Meal Expenses

Local 2054's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Local 2054 had disbursements for food/meals totaling approximately \$960 for which the receipts were not documented with the names of members participating in the meal or the union purpose for the expense. Union records of meal expenses must include written explanation of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1,756 during 2010. The union did retain gas receipts but did not maintain a record identifying the dates of travel, locations traveled to and from, and number of miles driven.

4. Lost Wages

Local 2054 did not retain adequate documentation for lost wage reimbursement payments to union officers in at least 18 instances. 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 while Local 2054 did retain hand written requests for lost time and expenses, the requests either did not have the number of hours lost or hourly rate of pay for each individual.

During the exit interview, I provided a sample of an expense voucher Local 2054 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.

Based on your assurance that Local 2054 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 LM-3 filed by Local 2054 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 2054 did not include reimbursements to officers totaling at least \$5,290 in the amounts reported in Items 24 E (All Officers and Disbursements to Officers). It appears the union erroneously reported the reimbursement payments in Item 48 (Office & Administrative Expenses) and Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 2054 officers and some disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 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 on the bank statements. It also appears that the receipts reported in Item 44 are not the receipts noted on the local's book or bank statements. The book and bank statements recorded \$96,392 in dues, fees, and interest, but \$96,302 was reported on the LM Report.

Local 2054 must file an amended Form LM-3 for fiscal year ending December 31, 2010, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than April 25, 2012. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Mr. Thomas Murray
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I want to extend my personal appreciation to Transport Workers Local 2054 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,

[REDACTED]

Investigator

cc: Michael Sullivan, Treasurer

