



October 26, 2012

Mr. James Arndt, President
Transportation Communications Union/IAM, Lodge 6013

Case Number: [REDACTED]
LM Number: 543144

Dear Mr. Arndt:

This office has recently completed an audit of Transportation Communications Union/IAM, Lodge 6013 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 Financial Secretary Treasurer Jim Carpiaux and IAMAW Grand Lodge Auditors Jo Van Cleave and Rick Fischer on October 3, 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 Lodge 6013's 2011 records revealed the following recordkeeping violations:

1. Salary Authorization

Lodge 6013 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and were

therefore correctly reported. During the audit year, Lodge 6013 disbursed salaries to officers of between \$50 and \$250 per month. During the opening interview, Mr. Zoelle stated that Lodge 6013 has paid these same salary amounts for several years. Although minutes of membership meetings held during the last several years occasionally referenced salaries paid to officers, the minutes do not identify the specific amounts that are authorized to be paid. Additionally, no other union records documenting the authorized salary amounts were found.

Lodge 6013 must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual with the authority to establish salaries. During the exit interview, Mr. Fischer advised that pursuant to the TCU merger with the IAMAW, all TCU Lodges, including Lodge 6013, will be required to adopt a set of local lodge bylaws that include a provision for officers' salaries.

2. 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 \$450 during 2011. Officers usually submitted vouchers for mileage reimbursements on which they recorded the dates of travel, the number of miles driven, and the total amounts of the claims. Although the vouchers identified a general business purpose for the mileage claims, they did not include information which identified the locations traveled from or the mileage rate that was claimed.

Lodge 6013 must maintain records for mileage reimbursements which identify the dates of travel, locations traveled to and from, and number of miles driven. The records 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. Meeting Minutes not Retained/Information not Recorded in Meeting Minutes

Mr. Zoelle advised that Lodge 6013's policy is to require that all union disbursements be discussed and approved by the membership at the monthly membership meetings. Mr. Zoelle also advised that Lodge 6013 held membership meetings monthly during 2011 and that disbursements were approved by the membership at some of the meetings. However, meeting minutes could only be located for five of the 12 meetings held during the year, and the meeting minutes retained do not contain any references to authorization of disbursements.

Since Lodge 6013's policies require that disbursements be approved by the union's membership, minutes of all meetings must be retained and must report any disbursement authorizations made at those meetings.

Based on your assurance that Lodge 6013 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 Lodge 6013 for the fiscal year ended December 31, 2011 was deficient in that members of the protective committee were erroneously identified as officers in Item 24 (Officers and Disbursements to Officers). The LM-3 instructions state that only constitutional officers are to be reported in Item 24. In the case of Lodge 6013, Article 4, Section 1 of the TCU Constitution identifies the constitutional officers as the president, vice president, financial secretary treasurer, Chairman of the Board of Trustees, two (2) or four (4) members of the Board of Trustees and Chairman of the Local Protective Committee. The protective committee members are considered employees for LM reporting purposes, and all payments to them must be reported in Item 46 (to Employees).

I am not requiring that Lodge 6013 an amended LM report for 2011 to correct the deficient item, but Lodge 6013 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Wage and Expense Policies

Lodge 6013 reimburses officers for wages lost at Wisconsin Central Ltd. on occasions they are absent from work to conduct union business. However, the union does not have written policies that document its lost wage reimbursement policies. In addition, the union does not have documentation that clearly identifies its travel expense policies.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments and travel expenses. OLMS recommends that unions (1) adopt clear policies and procedures for making lost time or similar payments and (2) use vouchers that require detailed information to support lost time payments and travel expenses. These practices will allow the union to properly report lost time payments and travel expense on the Labor Organization Annual Report, Forms LM-2, LM-3, or LM-4.

OLMS recommends that union policies and procedures for lost wages and expenses be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time and other expenses. You may want to have your union's trustees or auditors compare the steps taken to pay lost time and other expenses with the union's policies

to make sure that all required procedures are being followed.

I have attached OLMS' compliance tips for union lost time payments and reimbursed travel expense payments for your reference.

I want to extend my personal appreciation to Transportation Communications Union/IAM, Lodge 6013 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,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Jim Carpiaux, Financial Secretary Treasurer
Mr. Andy Schumacher, Trustee Chairman