

U.S. Department of Labor

Office of Labor-Management Standards
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August 25, 2016

Mr. Clay Sneed, Secretary/Treasurer
Transportation Union, Local 1346
106 Kinneys Road
Springfield, TN 37172-5877

Case Number: 410-600622 [REDACTED]
LM Number: 007989

Dear Mr. Sneed:

This office has recently completed an audit of Transportation Union Local 1346 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 August 18, 2016, 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 1346's 2015 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1346 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$130. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine

if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1346 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. For example, check [REDACTED] dated June 16, 2015, was written to Twin Peaks Restaurant for \$130.57. During the OIQ, it was stated that Twin Peaks is the location where membership meetings are conducted. There is no receipt to support/document a meeting or meal expenses were associated with check [REDACTED]. Union records of meal expenses must include written explanations 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.

2. Lack of Salary Authorization

Local 1346 did not maintain records to verify that the current salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore reported correctly. 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 Local 1346 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 1346 for fiscal year ending December 31, 2015, was deficient in the following areas:

1. Disbursements to Employees (LM-3)

Local 1346 did not report payments to employees totaling at least \$11,000 on the LM-3. It appears that the local erroneously reported these payments in item 54 – Other Disbursements. Employees received disbursements for dues refund checks following settlement of the bonding claim filed in 2014. The disbursements should have been reported in Item 46 (To Employees).

2. Office & Administrative Expenses

The LM-3 shows \$2,565 in expenses. There are no receipts to support/document funds were disbursed for these expenses (i.e. copier paper, computer software, ink supplies, rubber bands, supplies, etc.). Labor organizations must retain original receipts, bills, invoices for all disbursements. The president and treasurer of your union are required to sign your union's LM report, and are responsible for properly maintaining union records.

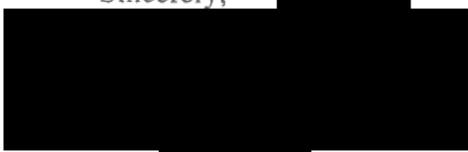
3. Failure to File Bylaws

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. Local 1346 amended its constitution and bylaws in 1989, but did not file a copy with its LM report for that year. A copy of the current bylaws was provided during the audit.

I am not requiring that Local 1346 file an amended LM report for 2015 to correct the deficient items, but Local 1346 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transportation Union Local 1346 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 large black rectangular redaction box covering the signature of the investigator.

Investigator /