



October 14, 2016

Mr. Paul Pokrowka, State Director  
Transportation Union SLB 41  
407 N Front Street  
2nd Floor  
Harrisburg, PA 17101

Case Number: 140-6006474  
LM Number: 024477

Dear Mr. Pokrowka:

This office has recently completed an audit of Transportation Union Pennsylvania State Legislative Board (SLB) 41 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 26, 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 SLB 41's 2015 records revealed the following recordkeeping violations:

1. Lack of Authorization/Approval of Disbursements

The bylaws are specific about what financial decisions the state director is authorized to make without board approval. Giving the Director authorization to rent automobiles in lieu of mileage, print and distribute circulars and pamphlets, make arrangements for rental of the State Legislative Board office, purchase office supplies and equipment not exceeding \$20,000 per year, arrange for expressions of condolences or esteem, and attend the UTU International Convention. The bylaws; however, are silent on the authorization and approval of other types of disbursements, which are not listed above.

During the audit year, disbursements totaling at least \$825 were made without board approval. These disbursements did not fall into the categories for which the bylaws give the director authority to make without obtaining board approval. For example, three tickets to the Allegheny County Labor Council annual banquet were purchased on May 4, 2015 in the amount of \$375.00. Board approval was not obtained for this disbursement.

2. Lack of Hiring/Salary Authorization

The bylaws do not give the director the authority to hire and set the salary and benefits of SLB office staff. SLB 41 did not maintain records to show the board approved the hiring of Office Secretary [REDACTED]. Also, SLB 41 did not maintain records to verify that [REDACTED] salary reported in Schedule 12 (Disbursements to Employees) of the LM-2 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 SLB 41 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-2) filed by SLB 41 for the fiscal year ended December 31, 2015, was deficient in the following areas:

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. SLB 41 amended its constitution and bylaws in 2000, but did not file a copy with its LM report for that year.

SLB 41 has now filed a copy of its constitution and bylaws, which were amended in 2000.

Other Issues

Lack of Internal Financial Controls

As noted above, the bylaws are specific about what financial decisions the state director is authorized to make without board approval; however, the bylaws are silent on the authorization and approval of other types of disbursements. None of the disbursements made in fiscal year 2015 were approved by the board. OLMS recommends that SLB 41 review its disbursement authorization and approval procedures to establish a system of checks and balances for disbursements. The OLMS website ([www.dol.gov/olms](http://www.dol.gov/olms)) contains several compliance tip sheets, including *Authorization and Documentation of Expenditures*, which may be used by SLB 41 to help improve internal control of union funds.

I want to extend my personal appreciation to Transportation Union SLB 41 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

Mr. Kyle Brightbill, Vice Chairperson

Mr. Dave Stinsman, Secretary