

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



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September 8, 2017

Ms. Shelby Anderson, Secretary Treasurer
Transportation Communications Union/IAM
Lodge 6364
9814 Gunston Hall Road
Fredericksburg, VA 22408

Case Number: 450-6009800 [REDACTED]
LM Number: 018-058

Dear Ms. Anderson:

This office has recently completed an audit of Transportation Communications Union (TCU) Lodge 6364 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 Grand Lodge Auditor [REDACTED] and you on August 22, 2017, 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 TCU Lodge 6364's 2015 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Lodge 6364 did not retain adequate documentation for reimbursed expenses incurred by union officers. For example, there were a few missing receipts for disbursements for storage units, cell phones, and office expenses.

As 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. Meal Expenses

Lodge 6364 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. The records for 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.

3. Reimbursed Auto Expenses

Lodge 6364 officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. The union must maintain records which identify the dates of travel, the locations traveled to and from, and the number of miles driven. The union records must also show the business purpose for each use of a personal vehicle for business travel by an officer who was reimbursed for mileage expenses.

4. Lost Wages

Lodge 6364 did not retain adequate documentation for lost wage reimbursement payments to some union officers. 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 Lodge 6364 officers did not identify on the lost wage vouchers the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contained a sample of an expense voucher Lodge 6364 may use to satisfy this requirement. The sample identifies the type of information and documentation that the Lodge must maintain for lost wages and other officer expenses.

5. Disposition of Property

Lodge 6364 did not maintain an inventory of property it purchased, sold, or gave away. Lodge 6364 purchased several gifts on multiple occasions and gave them to members.

However, there was nothing in the union records to indicate who received the gifts and the purpose. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the dates, the purpose, and names of the recipients of the gifts.

6. Failure to Record Receipts

Lodge 6364 did not record in its receipts records some employer dues checkoff checks. For example, a deposit from ticket sales totaling \$1,050. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

7. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that Lodge 6364 wasn't able to retrieve the Lodge's fiscal year 2015 membership and executive board meeting minutes but these meetings contained authorization of financial matters. Minutes of all membership or executive board meetings must be maintained and report any disbursement authorizations made at those meetings.

8. Lack of Salary Authorization

Lodge 6364 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 Lodge 6364 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 TCU Lodge 6364 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 on the LM-3 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gifts such as watches during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s)

or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Lodge 6364 did not include all the reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Several union officers incurred travel expenses, meals, parking, and expenses for union cell phones and other expenses during the audit year, but these expenses were not reported next to their name in Item 24, Column E (Allowances and Other Disbursements). Such payments appear to have been erroneously reported in Item 48 (Office and Administration Expenses).

The union must report most direct disbursements to TCU Lodge 6364 officers and some indirect 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. An "indirect disbursement" to an officer is a payment to another party (including check card companies) 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).

Lodge 6364 must file an amended Form LM-3 for fiscal year ending December 31, 2015, to correct the deficient items discussed above. I encourage Lodge 6364 to complete, sign, and file its report electronically using Electronic Forms System (EFS) available at the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be filed electronically no later than September 22, 2017 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. If a paper report is filed, the report must be signed with original signatures.

Other Issues

The audit disclosed the following other issue:

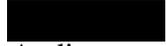
1. Cell Phone Allowance

The audit revealed that Lodge 6364 reimbursed officers for a monthly cell phone allowance. This expense was not specifically included in the Lodge 6364 budget and was not approved by the membership. OLMS recommends that Lodge 6364 adopt a written guideline concerning such matters and bring this expense to the membership for approval.

I want to extend my personal appreciation to TCU Lodge 6364 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 box used to redact the signature of the auditor.

Auditor