



May 9, 2012

Ms. Ann Eck, Financial Secretary
Amalgamated Transit Union Local 1333
[REDACTED]

Case Number: [REDACTED]
LM Number: 051399

Dear Ms. Eck:

This office has recently completed an audit of Amalgamated Transit Union Local 1333 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 President Dorothy Mudd and you on May 4, 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 Local 1333's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1333 did not retain adequate documentation for reimbursed expenses incurred by President Dorothy Mudd totaling at least \$2,000.00. For example, check number [REDACTED] dated April 1, 2010 for \$661.45 did not have any supporting documentation such as a receipt from the hotel. Additionally, check number [REDACTED] dated December 8, 2010 for \$600.00 and check number [REDACTED] dated December 16, 2010 for \$350.00 did not have any supporting receipts for the food at the Christmas party.

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. Lost Wages

Local 1333 did not retain adequate documentation for lost wage reimbursement payments to President Dorothy Mudd totaling at least \$5,000.00. 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 Office of Labor Management Standards (OLMS) audit revealed that most Local 1333 lost time claims did not identify the dates and times lost wages were incurred and the description of the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1333 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.

3. Receipts and Disbursements Journals

Local 1333 did not maintain receipts and disbursements journals. Unions should retain financial records that clarify or verify any report filed with OLMS. Local 1333 should maintain receipts and disbursements journals (or similar records) to record all monies received and spent by the union.

Based on your assurance that Local 1333 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 1333 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 1333 did not include reimbursements and lost time payments to officers totaling at least \$12,000.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 49 (Professional Fees) and Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 1333 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. 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. Failure to Provide Additional Information in Item 56

Local 1333 did not provide an explanation as to why end-of-reporting period cash did not properly reconcile with start-of-reporting period cash. The union must provide an explanation in Item 56 (Additional Information) if the figures for receipts, disbursements, and cash do not properly reconcile. A worktable provided in the *Instructions for Form LM-3* can be used to determine if the figures are correctly reported.

3. Membership in the Union

Local 1333 did not properly report the total number of members in the union at the end of the reporting period in Item 19 (How many members did your organization have at the end of the reporting period?) of Form LM-3. The union must report the number of all members of Local 1333 in Item 19 as of December 31, 2010.

4. 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 1333 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. During the audit, Local 1333 filed a copy of its constitution and bylaws with our agency.

I am not requiring that Local 1333 file an amended LM report for 2010 to correct the deficient items, but Local 1333 has agreed to properly report the deficient items on all future reports it files with OLMS. As the LM report for 2011 was due on March 31, 2012 and is currently delinquent, Local 1333 should file its report for fiscal year 2011 as soon as possible to correct the deficient items. I encourage Local 1333 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Amalgamated Transit Union Local 1333 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

cc: Ms. Dorothy Mudd, President