

U.S. Department of Labor
Employment Standards Administration

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April 20, 2005

Mr. Robert Zimpfer
Secretary/Treasurer
Transportation Union, LU 1393
P.O. Box 832
West Seneca, New York 14224

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Dear Mr. Zimpfer:

This Office has recently completed an audit of Transportation Union, LU 1393 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA). As discussed during the exit interview with you and Marty McMahon on April 20, 2005 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 1393's 2005 records:

- The CAP disclosed that LU 1-5025 properly maintained the majority of documentation necessary to verify its financial activities as required by the LMRDA section 206. However, sufficient documentation was not maintained in support of all disbursements. The date, amount, and business purpose of every expense must be recorded on at least one union record.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement

includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

- Union officers failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained. During the exit interview, I informed you of the information required on vouchers for Local 1393.

As agreed, provided that Local 1393 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

I strongly urge Local 1393 to adopt clear guidelines regarding what kinds of out-of-pocket expenses personnel may be reimbursed for. Our office is certainly available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report Form LM-3 filed by Local 1393 for fiscal year ending December 31, 2004 was deficient in the following areas:

- A purchase of a computer by local chairman, Marty McMahon, for \$750.00 in January 2004 was not reported correctly. The purchase was included under item 46/to employees. It should have been reported under item 52/purchase of investments & fixed assets and item 29/fix assets.

I am not requiring that Local 1393 file an amended LM- 3 report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours, other officers and local chairman successors at whatever time you may leave office.

