

U.S. Department of Labor  
Phoenix Remote Work Site

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March 4, 2005

ROBERT OLAGUE, TREASURER  
TRANSPORTATION UNION IND  
LU 113

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Dear Mr. Olague:

This office has recently completed an audit for fiscal year ending December 31, 2004 of Transportation Union Ind, LU 113, 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, as Amended (LMRDA). As discussed during the exit interview with you, 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.

#### Officer and Employee Salaries

The CAP disclosed that Local 113 failed to retain adequate documentation for the salary payments to officers and employees. The salary amounts paid to the Secretary and the Treasurer differed from the salary amounts authorized in the LU 113 By-laws and authorization of the salary amounts paid could not be found in the union records. Additionally, authorization of the salary amounts paid to committee members could not be found in the union records. The salary amounts paid to all officers and employees of the local must be approved by the membership and at least one record must be kept with the local's financial records recording the approval and the salary levels.

#### Officer and Employee Expenses

The CAP disclosed that Local 113 failed to retain adequate documentation for reimbursed expenses to local officers. The date, amount and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded. 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.

#### Items Disposal

Additionally, the CAP disclosed that Local 113 failed to retain an inventory of items disposed of in 2004. Records must be retained which account for all union property. For all items disposed, the local must retain at least one record identifying the date of the disposal, an inventory of the items disposed, and a record identifying the means of disposal.

#### Reporting Violations

Finally, the CAP disclosed that the LM-2 reports for Local 113 for fiscal year ending December 31, 2003 and fiscal year ending December 31, 2004 were deficient. The LM-2 report for fiscal year ending December 31, 2004 was deficient, in part, in that Item 13, concerning the acquisition and disposition of goods or property, was answered "No" instead of "Yes"; even though, the local had disposed of old computer equipment during the year by means other than by sale. Also, the LM-2 reports for fiscal years ending December 31, 2003 and December 31, 2004 were completed using the accrual method of accounting; however, the instructions for the LM-2 report state that the form must be completed using the cash method of accounting. You agreed during the exit interview to amend the LM-2 reports by March 31, 2005 and submit them to my office. Following the receipt of the amended reports, this case will be closed.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If I can be of any assistance to you in the future, please do not hesitate to call

Sincerely,

FCCJ

FCCJ

Investigator