



August 1, 2005

Mr. Sammy Spears, Secretary/Treasurer
UTU Local 1917
1070 Jackson Road
Park Hills, KY 41011

Re: 2

Dear Mr. Spears:

This office has recently completed an audit of UTU Local 1917 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 July 21, 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 1917's 2004 records: Union officers and employees failed to retain adequate documentation for reimbursed expenses. 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. One expense report could not be found for Chairman G.R. Oplinger's September 2004 expenses. In addition, no information was listed on a Lone Star receipt submitted by Chairman Wayne King.

Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. Former Chairman [redacted] noted on one of his expense reports that the union owed Trustee George Fetters for assigning vacations, but other important information was not included. The lost wage claims must 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.

As agreed, provided that Local 1917 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 1917 for fiscal year ending December 31, 2004 was deficient in the following areas: All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization 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 made by your organization to another party (including credit 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 Expenses). The lost time paid to Trustee George Feters should be reported next to his name in item 24. Likewise, Trustee Darrell Halcomb's dues refund should be reported next to his name. You indicated that your expenses were mistakenly placed next to Vice President Danny Gordon's name.

The amount of the fixed assets owned by the union which include a computer, a fax machine, and old filing cabinets were not reported in item 29 on the 2004 LM-3. You indicated that you would get a committee together to compile an inventory list as required by you union's bylaws and would report the fixed assets of the union on future LM reports. Once Local 1917 has completed the inventory list, please forward me a copy at the above address. The absence of an inventory list makes it difficult to know what property the union owns and which officers or employees have possession of the union's property. This information is especially helpful when there is a change of officers. You indicated that the union is waiting for former Chairman [redacted] to turn over the union's computer to the new chairman. I spoke to [redacted] and he indicated that the computer is being repaired because it has a virus. If you do not receive the computer shortly, please contact me.

I am not requiring that Local 1917 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.

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when changes are made. Local 1917 amended its bylaws in 1998, but a copy of the bylaws was not filed with Local 1917's LM-3 report for that year. Copies of Local 1917's bylaws were provided and have now been filed.

During the audit, I advised you that authorization of the salary amounts paid to the local chairman could not be found in union records. I suggest that Local 1917 take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document. When the authorized salaries have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

During the audit, you advised that President Wayne Harris signs blank checks in advance. Your union's constitution requires that all checks be counter-signed by the president. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. You may want to revise your check disbursement method.

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 and Mr. Harris' successors at whatever time you may leave office.

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

Sincerely,

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Investigator

cc: President Wayne Harris