



July 13, 2012

Mr. Samuel Alexander, General Chairman  
Maintenance of Way Employees, IBT  
Southern System Division  
P. O. Box 24068  
Knoxville, TN 37933-2068

Case Number: [REDACTED]  
LM Number: 030-402

Dear Mr. Alexander:

This office has recently completed an audit of Maintenance of Way Employees, IBT, Southern System Division 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, Assistant Chairman Secretary-Treasurer Michael Sellers, and Vice-General Chairman Marcus Hood on July 9, 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 Southern System Division's March 31, 2012 records revealed the following recordkeeping violations:

1. General Reimbursed

Southern System Division did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$973.80. For example, the union reimbursed an

officer \$85.69 for expenses, but did not maintain the receipt. The union also reimbursed officers at least \$888.11 in expenses that did not identify the union purposes.

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

Southern System Division did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$17.01. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Southern System Division 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. For example, \$331.98 in meal receipts did not identify the union purposes. There was also \$697.80 in meal receipts that did not identify the meal attendees. There was \$250.35 in meal receipts that did not contain the names of the restaurants. Union records of 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.

Based on your assurance that Maintenance of Way Employees, Southern Systems Division will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

## Other Issues

### 1. Expense Policy

The audit revealed that Southern System Division does not have a clear policy regarding reimbursement of meals, mileage, and actual fuel costs to officers. Additionally, the union does not have a written policy regarding reimbursement of expenses relating to facsimile lines to officers and executive board members. OLMS recommends that unions adopt written guidelines concerning such matters.

### 2. Disbursements to Officers

Southern System Division reimbursed expenses to officers for which they may have not been entitled to receive. For example, one officer was erroneously reimbursed \$315.80 for airline tickets, but should have received \$157.90. Another officer purchased \$51.70 in

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cleaning supplies for the union vehicle, but did not turn over the supplies to the union. OLMS suggests that the union carefully review all appropriate documents to ensure disbursements are proper and accurate.

I want to extend my personal appreciation to Maintenance of Way Employees, IBT, Southern System Division 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Michael Sellers, Assistant Chairman Secretary-Treasurer  
Mr. Marcus Hood, Vice-General Chairman