U.S. Department of Labor

Employment Standards Administration Office of Labor-Management Standards Chicago District Office 230 South Dearborn Street Room 774, Federal Office Building Chicago, IL 60604 (312)596-7160 Fax: (312)596-7174



September 22, 2006

Mr. Richard Temple, Secretary-Treasurer United Transportation Union Local #171 2473 Lakeside Drive Aurora, IL 60504

Re: Case Number:

Dear Mr. Temple:

This office has recently completed an audit of UTU Local #171 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 Investigator Megan Pennington discussed during the exit interview with you and Roy Coan on September 8, 2006, 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.

The CAP disclosed the following violations:

RECORDKEEPING VIOLATIONS

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 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.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 171's 2005 records revealed the following recordkeeping violations:

Officer and Employee Expenses

Union officers and employees failed to maintain 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 and the locations (names of restaurants) where meal expenses were incurred must be recorded.

Local #171 officers did not always submit receipts and bills for expense reimbursement. Officers must submit all receipts and accompanying vouchers, along with the purpose of each expenditure.

Lost Wages

Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. 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.

Other

Adequate documentation was not retained for some purchases of office supplies and other business expenditures. The local did not keep receipts for all of its disbursements as required by law.

Local #171 must keep adequate records of refunds to members for dues overpayment, all disbursements/receipts for the 50/50 raffle, all payments made to charity organizations, and all gift payments made to retiring members or families on behalf of deceased members.

Local #171 did not keep meeting minutes for every union meeting held. The local must maintain minutes for all meetings.

Conclusion/Recordkeeping Violations

As agreed, provided that Local #171 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

REPORTING VIOLATION

The CAP 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-2) filed by Local #171 for fiscal year ending December 31, 2005, was deficient in that:

LM-2 Schedules 11 and 12 (All Officers and Disbursements to Officers/Disbursements to Employees)

The name of President Roy Coan was not reported in Schedule 11 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Schedule 11 regardless of whether or not they received any payments from the union.

Conclusion/Resolution of Reporting Violation

I am not requiring that Local #171 file an amended LM-2 report for 2005 to correct the deficient item, but as agreed, Local #171 will properly report the deficient item on all future reports filed with this agency.

OTHER ISSUES

The CAP disclosed the following other issues:

Failure to Issue Receipts upon Receipt of Funds

Local #171 failed to issue duplicate receipts to retirees who paid insurance premiums directly to the union, as well as several managers that paid union dues to maintain status. The union should begin issuing duplicate receipts for all incoming sources of funds. Duplicate and union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

Failure to Make Deposits in a Timely Manner

The audit revealed that Local #171 did not deposit receipts from the local's 50/50 fund in a timely manner. Monthly receipts collected for the fund were kept by President Roy Coan until the end of the calendar year, when they were deposited into the local's checking account before being voted on by the membership for disbursement. It is recommended that Local #171 deposit all receipts within the same month that they are received.

I want to extend my personal appreciation to UTU Local #171 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,

Mary J. Kebisek District Director