

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 22, 2007

Mr. Phillip Gurley, General Chairperson
Transportation Union Ind.
General Committee of Adjustment (GCA) 627
23692 Stauch Rd.
Brownstown, MI 48134

LM File Number 048-460

Case Number: [REDACTED]

Dear Mr. Gurley:

This office has recently completed an audit of Transportation Union GCA 627 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 March 13, 2007, 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 GCA 627's 2005 records revealed the following recordkeeping violations:

1. Reimbursed Expenses

GCA 627 did not retain adequate documentation for all reimbursed expenses incurred by you. For example, you received \$2,678.30 for expenses incurred in January and April 2005, but only \$1,299.29 in receipts were retained in support of those payments. As previously 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 annual financial report, are responsible for properly maintaining union records.

In addition, you received reimbursement for business use of your personal vehicle, but you did not retain adequate documentation to support the payments, which totaled \$1,608. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The records must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

2. Wages

GCA 627 did not retain adequate documentation for wage payments to you totaling \$12,272. The union must maintain records in support of wage claims that identify each date wages were incurred, the number of hours worked on each date, the applicable rate of pay, and a description of the union business conducted. The audit found that most of this information was not recorded on the vouchers that you submitted. Your explanations of "union business" or "union duties" on the vouchers are not adequate explanations of your activities.

In addition, GCA 627 did not maintain records to verify that the salary rate paid to you was the correct authorized amount. Article III of the GCA 627 bylaws states that the General Chairman shall be paid for each calendar day of service at a rate that shall be automatically increased or decreased based on certain criteria. The

UTU International Union sends a letter each year regarding changes to that rate. The members of the local union that comprises GCA 627 vote to accept, increase, or decrease that rate, and record that action in the minutes of the membership meeting at which the vote occurs. GCA 627 did not maintain either of those records. The union must keep a record, such as meeting minutes, to show the current wages authorized by the entity or individual in the union with the authority to establish wages.

Based on your assurance that GCA 627 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit 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-3) filed by GCA 627 for fiscal year ending December 31, 2005, was deficient in the way that it reported disbursements to officers, as described below.

GCA 627 erroneously reported wage and expense reimbursement payments to you in Item 46 (To Employees). The union must report most direct and indirect disbursements to GCA 627 officers in Item 24 (All Officers and Disbursements to Officers). A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 may be reported in Item 48 (Office and Administrative Expense).

GCA 627 must report in Column (D) of Item 24 the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for "lost time" or time devoted to union activities. In Column (E), enter the total of all other direct and indirect disbursements to each officer other than salary, including allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and

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not necessary for conducting official business of your organization. Examples of disbursements to be reported in Column (E) include: allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis; allowances paid on the basis of mileage or meals; all expenses that were reimbursed directly to an officer; expenses for officers' meals and entertainment; and various goods and services furnished to officers but charged to your organization.

GCA 627 erroneously reported taxes withheld from wage payments to you in Item 54 (Other Disbursements). The union must report on Line 10 of Item 24 the total amount of withheld taxes, payroll deductions, and other deductions. Disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions must be reported in Item 54. Any portion of withheld taxes or any payroll or other deductions which have not been transmitted at the end of the reporting period are liabilities of your organization and must be reported in Item 35 (Other Liabilities). Payroll or other deductions retained by your labor organization (such as repayments of loans made) must be fully explained in Item 56 (Additional Information).

GCA 627 must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 9, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures. Since your title is "General Chairperson," cross-out "President" and enter "General Chairperson" next to your signature. If the report is signed only by you, then explain why in Item 56.

I want to extend my personal appreciation to GCA 627 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Elaine Clark, UTU Assistant Director of Accounting