

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 16, 2008

Edgar Addie
Transit Union, AFL-CIO
LDiv 725
Birmingham, AL 35222

LM File Number 002-173

Case Number: [REDACTED]

Dear Mr Addie:

This office has recently completed an audit of the Transit Union, AFL-CIO, Local Division 725 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 and Kathleen Davis on January 15, 2008, 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:

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 Local Division 725's 2006 records revealed the following recordkeeping violations:

1. Fixed Assets

No fixed asset list or inventory could be located for the audit year or any previous year. The union has fixed assets, including, but not limited to: computers, printers, fax machine, office furniture, and a typewriter. The proper maintenance of union records is the personal responsibility of the individuals who are required to file Div 725's LM report.

2. Failure to Record Deposits and Receipts

Local Division 725 did not maintain a record of disbursements or receipts to account for income and expenditures from their checking account at Wachovia Bank. Union disbursements records must include an adequate identification of all money the union disburses. The records should show the date disbursed, to whom, the amount disbursed and the purpose and the source of the money. Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Failure to Maintain Bank Deposit Slips

Local Division 725 did not have any bank deposit slips for the entire audit year in its union files. Records are required for all accounts and balances so they 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.

4. Failure to Maintain a Current Copy of the Union Hall Lease

The union did not have a current copy of the rental lease for their union office-the lease located expired March 31, 2006; the union agreed to obtain a current copy of their lease and maintain current copies in their files in the future. As a general rule, labor organizations must maintain all records used or received in the course of union business.

5. Failure to Maintain Supporting Documentation for Disbursements

Check Number [REDACTED] dated 2-9-06, payable to Sandy's Flowers in amount of \$62.13 had no supporting documentation. The purpose was described as "flowers". No invoice, bill, or receipt could be located. Check Number [REDACTED] dated 5-22-06 according to bank statements, in amount of \$405.01 was not present in the union files. There was no way to determine the payee or purpose since the union did not maintain a disbursement log and the checkbook ledger only went back to June 2006. Check Number [REDACTED] dated 8-21-06, payable to Far Computer Company in amount of \$161.25 had no supporting documentation. No invoice, bill, or receipt could be located.

6. Failure to Maintain Supporting Documentation for Lost Time

Check [REDACTED] dated 12-11-06, payable to Edgar Addie (Vice-President) for Lost Time, in the amount of \$181.58, was for him to attend a Pension Meeting. He claimed 12.5 hours of Lost Time, however there was no Lost Time Voucher or document present in the Union Files to document the expenditure. According to the By Laws the payment was authorized and the legitimacy of the payment is not questioned, only the lack of supporting documentation.

Based on your assurance that Local Division 725 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(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local Division 725 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

As agreed, Local Division 725 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than March 31, 2008.

I am not requiring that Local Division 725 file an amended LM report for 2006 to correct the deficient items, but Local Division 725 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

During the audit, you advised that the locals checkbook is not balanced/reconciled each month. OLMS recommends that Local Division 725 review and balance the checkbook at least once a month when it receives its statements from the bank. This improves financial accountability and this procedure improves internal control of union funds.

I want to extend my personal appreciation to Local Division 725 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,



Investigator

cc: Kathleen Davis, Financial Secretary