

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
1000 Liberty Avenue
Room 1411
Pittsburgh, PA 15222
(412)395-6925 Fax: (412)395-5409



August 7, 2007

Mrs. Barbara Lane, Financial Secretary
United Mine Workers of America
Local Union 1713
H.C. Box 50A
Herndon, West Virginia 24726-9721

RE: Case Number [REDACTED]
LM File Number: 068-262

Dear Mrs. Lane:

This office has recently completed an audit of Local Union 1713 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 Mart Lane and Barbara Lane on July 27, 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 record keeping 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 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, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local Union 1713's 2006 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses: Meals

Local Union 1713 did not retain adequate documentation for meal expenses incurred by union officers totaling at least \$307.24. For example, during 2006 [REDACTED] was reimbursed \$50.38 for meal expenses; however, the receipts were not attached to the expense voucher. The union must maintain itemized meal receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Finally, 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 must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Lost Wages

Local Union 1713 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$2,714.53. In these cases, only the amount of hours lost was written on the voucher. The union must maintain records in support of lost time claims that 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. During the exit interview, it was reported Local Union 1713 was working to correct this issue. You stated you would ensure all officers adequately completed lost time vouchers before reimbursements are made. In addition, Local Union 1713 is in the process of updating the lost time voucher form.

3. Lack of Salary Authorization

Local Union 1713 did not maintain records to verify the salaries reported in Item 24 (All Officers and Disbursements to Officers) and Items 45 and 46 (Cash Disbursements to Officers and Employees) of the LM-3 were the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the salary authorized by the entity or individual in the union with the authority to establish salaries.

Article III, Section 5 of the United Mine Workers Model Bylaws states the salaries of Local Officers shall be determined by vote of the Local Union. It also states the salaries or compensation of the officers shall not be changed unless the proposed change has been read at three successive Local meetings and has been posted at least fifteen days prior to final action. During the opening interview, it was determined the current salaries have been in place for over thirty years; however, no unions records supporting these salaries existed. It was agreed salaries would be addressed at subsequent Local meetings.

3. Disposition of Property

During the opening interview, it was reported Local Union 1713 purchases hats and T-shirts to give away to its members. During 2006, Local Union 1713 did not maintain an inventory of hats, jackets, or other property it purchased, sold, or gave away. The union must report the value of any property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. In addition, the union must maintain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

Based on your assurance that Local Union 1713 will retain adequate documentation in the future, OLMS will take no further action at this time regarding the above violations.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. Local Union 1713 officers and employees are currently bonded for \$20,000, but they must be bonded for at least \$23,600.47. Local Union 1713 should obtain adequate bonding coverage of its officers and employed immediately. Please provide proof of bonding coverage to this office as soon as possible, but no later than September 4, 2007.

Other Issues

The audit disclosed the following other issue:

Use of Signature Stamp

During the audit, Barbara Lane advised and Mart Lane confirmed that it is Local Union 1713's practice for Mart Lane and James Patsey to have their signatures stamped on union checks. Article V of the United Mine Worker's Model Bylaws requires that checks be signed by the president and financial secretary. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for both signers, or even for the second signer, does not attest to the authenticity of the completed check, and negates the purposes of the two signature requirement. OLMS recommends that Local Union 1713 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local Union 1713 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: James Patsey, President