

**U.S. Department of Labor**

Employment Standards Administration  
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October 19, 2007

Mr. Derek Klingman, Secretary/Treasurer  
UTU  
LU 1006  
161 Cassia Drive  
Finleyville, PA 15025

LM File Number 003-316

Case Number: [REDACTED]

Dear Mr. Klingman:

This office has recently completed an audit of UTU LU 1006 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 October 15, 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 Local 1006's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1006 did not retain adequate documentation for expenses incurred by the local totaling at least \$3,277.82. For example, several receipts were not maintained for the Christmas party. One receipt was for the Rhythm House Café for \$2,877.82 and one was for a reimbursement to you for \$400.00 for the cost of the band. 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 LM report, are responsible for properly maintaining union records.

2. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized expenditures for the Christmas Party. At the November 2006 membership meeting, there is mention of invitations to the party being mailed. However, none of the minutes of any of the membership meetings contain any reference to the membership approving the financing of this party. Minutes of all membership meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1006 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 LM-3 filed by Local 1006 for fiscal year ending December 31, 2006, was deficient in the following area:

#### Failure to File Bylaws

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 1006 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 1006 has now filed a copy of its constitution and bylaws.

### Other Issues

#### 1. Expense Policy

As discussed during the exit interview with you, the audit revealed that Local 1006 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

#### 2. Two Signatures on all Checks

Currently, checks to the International require two signatures, but other disbursements only require one signature. 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. OLMS recommends that Local 1006 review these procedures to improve internal control of union funds.

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I want to extend my personal appreciation to UTU LU 1006 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,

[REDACTED]

Investigator

Cc: Robert Terry, President