U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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March 20, 2007

Mr. John Passiglia, Business Manager
Boilermakers AFL-CIO
Lodge 363
2358 Mascoutah Avenue
Belleville, IL 62220

Re: Case Number: [redacted]

Dear Mr. Passiglia:

This office has recently completed an audit of Boilermakers Lodge 363 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 Office Secretary Renee Tilley on February 23, 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 adequate records be maintained 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, 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 Lodge 363's 2006 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

   Union officers failed to maintain adequate documentation for expenses charged to union credit cards. Adequate supporting documentation was not maintained for several meals charged to the union's MasterCard account and some gasoline charges. All invoices should be maintained to support union credit card purchases regardless of the amount.

   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.

2. Other Expenses

   Adequate documentation was not retained for some purchases of office expenses including the postage meter. Lodge 363 issued several checks during the fiscal year in the amount of $1,000 for postage meter credits. An invoice should be requested and retained for all purchases of office supplies and services. Office Secretary Renee Tilley agreed to request postage meter invoices and maintain all back-up documentation.

3. Salary Verification

   During the audit, I advised you that authorization for the salary amount paid to Office Secretary Renee Tilley could not be found in union records. I recommended that Lodge 363 document the authorized salary amount in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting). When the authorized

salary amounts have been recorded in union records, please forward a copy of the record documenting the authorization to OLMS at the above address.

As agreed during the exit interview, provided that Lodge 363 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

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 Lodge 363 for fiscal year ending June 30, 2006, was deficient in the following areas:

1. Certificates of Deposit Reported as Investments

   Lodge 363 improperly reported certificates of deposit as investments in Statement A (Assets and Liabilities) of your LM-2 report. For LM reporting purposes, a certificate of deposit is considered cash (regardless of the term length). The purchase or redemption of a certificate of deposit is a transfer of cash from one account to the other and, therefore, should not be reported as a receipt or disbursement. You agreed to discuss this issue with your accountant and report certificates of deposit accurately on future LM-2 reports.

2. Failure to Report All Bank Accounts

   Lodge 363's LM-2 report does not include financial information for the bank account at US Bank (Account Number [redacted] on Statement A (Assets and Liabilities.) The LM-2 instructions state Item 22 (Cash) should include the total of all the labor organization's cash on hand and on deposit at the start and end of the reporting period. The interest earned on this account should also be reflected as a receipt in Item 40 (Interest.) You agreed to see this account is included on Lodge 363's LM-2 report for the next fiscal year.

3. Failure to File Bylaws

   The CAP 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 constitution or bylaw changes are made. Lodge 363 amended its constitution and

bylaws in 2002, but a copy was not filed with its LM report for that year. The latest bylaws on file with OLMS for Lodge 363 were dated 1987. A copy of the revised bylaws dated 2002 were received by Lodge 363 during the exit interview and have been filed. You agreed to file all future changes to the constitution and bylaws with Lodge 363's annual LM-2 report.

An amended LM-2 report is not required by Lodge 363 to correct the deficient items on the 2006 report, but as agreed, Lodge 363 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to Boilermakers Lodge 363 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: Bill Mulconnery, President