U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 21, 2007

Mr. Kenneth J. Hennika, Secretary-Treasurer
Machinists Lodge 912
6482 Rainbow Lane
Cincinnati, OH 45230

LM File Number: 014-743
Case Number: [redacted]

Dear Mr. Hennika:

This office has recently completed an audit of Machinists Lodge 912 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 Investigators [redacted] discussed during the exit interview with Grand Lodge Auditor Tony Chesonis and you on June 14, 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 912's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Union Expenses

   Local 912 did not retain adequate documentation for reimbursed expenses and other union expenses incurred by union officers and employees totaling at least $3,927.84. For example, check number [redacted] was payable to United Memorial Bible Services for bibles in the amount of $1,806.49. A "white card" voucher was completed, but there was no original receipt or invoice attached to the voucher.

   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. Lost Wages

   Local 912 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees in a number of instances. The union must maintain records in support of lost wage 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. The OLMS audit found that Local 912 often recorded the date, number of hours lost, and a description of the union business conducted, but oftentimes the applicable rate of pay was omitted from the "white card" lost wage vouchers. For example, [redacted] filled out a lost wage voucher for 3 hours on 9/15/06 for, "updating IAM912.org on 9/12/06 and 9/15/06 at the above address." Nowhere on the voucher does it state the applicable rate of pay.

   During the exit interview, we discussed that Local 912's current expense voucher system is adequate provided that the vouchers are filled out completely by both the applicant and the Secretary-Treasurer.

Based on your assurance that Local 912 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Machinists Lodge 912 for the cooperation and courtesy extended to Investigators [redacted] 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,

Lesta A. Chandler
District Director

cc: Mr. Robert M. Louiso, President