



January 18, 2012

Mr. Doyle Johnson, Secretary-Treasurer
Boilermakers Lodge 14

Case Number: [REDACTED]
LM Number: 039269

Dear Mr. Johnson:

This office has recently completed an audit of Boilermakers Lodge 14 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 President William Johnson and you on January 17, 2012, 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 Lodge 14's 2011 records revealed the following recordkeeping violations:

1. Meal Expenses

Lodge 14 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges.

For example, Secretary-Treasurer Doyle Johnson submitted itemized receipts for meal expenses at membership meetings during the fiscal year but did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. 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 retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Lost Wages

Lodge 14 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$769.42. 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 Lodge 14 maintained vouchers supporting the lost wage reimbursement payments but the vouchers did not identify the dates lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, or a description of the union business conducted.

3. Failure to Record Receipts

Lodge 14 did not maintain a receipts journal and did not record in its receipts records some employer dues checkoff checks and some checks received from members totaling at least \$5,560.00. For example, no local remittance checks from the international were recorded in a receipts journal. Union receipts 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.

Based on your assurance that Lodge 14 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 (Form LM-3) filed by Lodge 14 for the fiscal year ended June 30, 2011, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Lodge 14 did not include some reimbursements to officers totaling at least \$1,533.95 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Items 51 or 54. The union must report most direct disbursements to Lodge 14 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an

officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Disbursements to Employees (LM-3)

Lodge 14 did not include some disbursements to employees totaling at least \$1,532.71 in the amounts reported in Item 46 (Disbursements to Employees). It appears the union erroneously reported these payments in Items 51 or 54. The union must report all salaries, allowances, travel advances which are not considered loans, and other direct and indirect disbursements to employees of the organization. In addition, disbursements to individuals other than officers who receive lost time payments even if the lodge does not consider them to be employees must be reported.

3. 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. Lodge 14 amended its constitution and bylaws in 1995, but did not file a copy with its LM report for that year.

Lodge 14 has now filed a copy of its constitution and bylaws.

I am not requiring that Lodge 14 file an amended LM report for 2011 to correct the deficient items, but Lodge 14 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Duplicate Receipts

Members of Lodge 14 pay dues directly to the union in some instances. Secretary-Treasurer Doyle Johnson did not issue receipts to dues payers in all instances. OLMS recommends that Lodge 14 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

Mr. Doyle Johnson

January 18, 2012

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I want to extend my personal appreciation to Boilermakers Lodge 14 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,

A handwritten signature in black ink that reads "H. Craig Neel". The signature is written in a cursive style.

H. Craig Neel
District Director

cc: Mr. William Johnson, President