



September 30, 2013

Mr. Robert Haworth, President
Boilermakers ALF-CIO Lodge 177
1036 Marshall Avenue
Green Bay, WI 54303-4220

Case Number: 330-08847 [REDACTED]
LM Number: 007065

Dear Mr. Haworth:

This office has recently completed an audit of Boilermakers ALF-CIO Lodge 177 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 Vice President Randy Doperalski and you on September 19, 2013, 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 177's 2011 and 2012 records revealed the following recordkeeping violations:

1. Failure to Record Receipts, Source of Receipts, and Receipt Dates

Lodge 177 did not retain a receipts journal or similar record in which the date, amount, and source of all money received is recorded for receipts totaling at least \$42,236 during the audit year. The only records retained in support of money received are check stubs from employer dues checks and employer checkoff reports that identify the names of members who paid dues and the amounts paid by each member. However, these records alone do not identify the dates that monies were received. Receipt records must include an adequate identification of all money received. The records should show the date and amount received, and the source of the money.

The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives the money and disbursements when it actually pays out money. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received.

2. Checks to the International, General Reimbursed Expenses, and Debit Card Expenses

Lodge 177 did not retain adequate documentation for 21 debit card and reimbursed expenses incurred by Mr. Doperalski, Mr. [REDACTED], and you totaling at least \$844 for per diem, a Christmas gift, and an unknown expense. For example, Lodge 177 retained no supporting documentation for a \$75 check issued to Mr. [REDACTED] on July 18, 2011 for a "reimbursement." You and Mr. Doperalski stated that Mr. [REDACTED] was reimbursed his initiation fees because he was transferred to another shop. As another example, Lodge 177 retained no supporting documentation for a \$300 per diem payment to you on July 18, 2011. During the exit interview, you and Mr. Doperalski stated that the per diem payment was for the International Convention in Las Vegas, NV. As another example, Lodge 177 failed to retain adequate supporting documentation for a \$41.12 debit card charge at Piggly Wiggly on September 3, 2010. In support of this expense, Lodge 177 only retained the itemized receipt for the charge, but failed to identify the business purpose for the expense in the union's records. At the exit interview, you and Mr. Doperalski stated that beer and food purchased was for a union meeting.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. 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. For mileage expenses, the union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use

of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Lost Wages

Lodge 177 did not retain adequate documentation for lost wage reimbursement payments to Recording Secretary Jerome Brunette, Steward Kelly Urbaniak, member [REDACTED] and you totaling at least \$1,020. Records must be maintained 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 union retained expense vouchers in support of lost wage claims that typically identified the total lost wages claimed. However, the audit found that the officers and employees did not identify on some vouchers the 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 on the expense vouchers submitted to Lodge 177 for reimbursement.

4. Lack of Salary Authorization

Lodge 177 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and were therefore correctly reported. The LM-3 filed for 2012 reported gross Salaries and lost wages to six officers totaling \$4,939 in Item 24 (All Officers and Disbursements to Officers). In addition, the report indicates that just two officers received allowances and other disbursements totaling \$950.

You advised that the salaries paid to officers that are reported in Item 24 include authorized expense allowances that are provided for in Article 10 (Expense Allowances and Reimbursement) of Lodge 177's bylaws. Article 10 states that "the amount paid in monthly dues by each officer, collective bargaining committee member, and steward shall be reimbursed to him for each month..." However, during the audit, you stated that only the president, secretary-treasurer, vice president, and recording secretary are entitled to receive the monthly dues reimbursement, and that this was the practice before you became a union officer. This practice appears to be in conflict with the provisions outlined in Article 10 of Lodge 177's bylaws in that expense allowances are not paid to several officers.

Additionally, you stated that the trustees receive compensation equal to their monthly union dues when they audit Lodge 177's records; however, Lodge 177's bylaws only provide that the trustees receive a quarterly allowance equal to their monthly dues. However, no documentation was found in Lodge 177's records authorizing the trustees to be paid a salary for conducting an audit.

Lodge 177 should update its bylaws to reflect the policies currently followed by the union regarding officer compensation or document those current policies in another record, such as meeting minutes, that show the current salary for each officer that is authorized by the entity or individual with the authority to establish salaries. This can help ensure compliance with the LMRDA and to safeguard union assets. I would appreciate it if you would provide to me an updated copy of Lodge 177's bylaws or any other records that document authorization of officer compensation at whatever time the union takes action to document such information.

5. Checks Not Issued and Voided Were Not Retained

During the opening interview, you stated that Lodge 177 does not retain voided checks, and that the trustees tear up any checks that were voided during their quarterly audits. As a general rule, all types of records created or used in the normal course of doing union business must be maintained by the union for five years.

Based on your assurance that Lodge 177 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 Reports (Form LM-3) filed by Lodge 177 for the fiscal year ended (FYE) June 30, 2012, was deficient in that:

Disbursements to Officers and Employees

Lodge 177 erroneously included reimbursed expenses paid to Mr. Doperalski in Item 24 (all Officers and Disbursements to Officers) Column D (Gross Salary) and erroneously included lost wage payments to you and salary payments to Trustee Mike Elliott totaling at least \$650 in Item 24 Column E (Allowances and Other Disbursements). A review of Lodge 177's check stubs and expense vouchers revealed that the reimbursed expenses paid to Vice President Doperalski were included in the amount reported in Item 24, Column D and that the lost wages and salary payments to you and Mr. Elliott were included in the amounts reported in Item 24 Column E. The LM-3 instructions for Item 24 require that payments to officers for reimbursed expenses be reported in Item 24 Column E, and that payments to officers for salaries and lost wages be reported in Item 24, Column D.

Further, the audit revealed that Lodge 177 erroneously reported payments totaling \$316 to Steward Kelly Urbaniak in Item 24 on the LM-3 report for FYE 06/30/2012; however, those payments to Mr. Urbaniak should have been reported in Item 46 (To Employees). The audit also revealed that lost wage payments to Mr. Flores totaling \$128 were erroneously report in Item 48 (Office & Administrative Expense) or Item 54 (Other Disbursements); this payment should have also been reported in Item 46.

Most direct disbursements to Lodge 177 officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. Most direct disbursements to Lodge 177 employees and some indirect disbursements made on behalf of its employees must be reported in Item 46. 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).

I am not requiring that Lodge 177 file an amended LM reports for 2011 and 2012 to correct the deficient items, but Lodge 177 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Overpayment of Reimbursed Expense

The audit revealed that on December 14, 2011, Lodge 177 overpaid Mr. Doperalski for a reimbursed expense relating to a "X-mas gift." A review of Lodge 177's records revealed that Mr. Doperalski was reimbursed \$16.00 for the Christmas gifts; however, according to the receipt from ShopKo, the total amount of the gifts was \$15.79, not \$16.00. During the exit interview, you and Mr. Doperalski stated that at a union meeting held sometime in 2002, a decision was reached by Lodge 177's membership to "round up" the amounts for reimbursed expenses to make the quarterly trustee audits "simpler;" however, this policy does not appear to be documented in Lodge 177's records.

OLMS recommends that unions: (1) adopt a clear policy on reimbursed expenses; (2) establish what documentation is needed for an official to be reimbursed; and (3) establish a procedure that provides for review and approval of expense claims. Careful review of expense vouchers can help ensure adequate internal controls and safeguard union assets.

2. Extra Salary Check issued to Vice President Randy Doperalski

The audit revealed that on May 24, 2011, Lodge 177 paid Mr. Doperalski his June 2011 vice president allowance. Further review of Lodge 177's records revealed that Lodge 177 issued Mr. Doperalski's vice president allowance (\$89 per month - \$50.00 for the vice president allowance and \$39.00 for dues reimbursement) a month in advance each month from June 2011 through November 2011. On November 9, 2011, Lodge 177 issued a check totaling \$89.00 to Mr. Doperalski for his "Dec VP" allowance; however, on December 14, 2011, Lodge 177 issued another \$89.00 check to Mr. Doperalski for his

“VP” allowance, which resulted in Mr. Doperalski receiving two salary checks for December 2011. During the exit interview, you and Mr. Doperalski stated that this occurred by error, and Mr. Doperalski should not have received two salary checks for December 2011. Mr. Doperalski stated that he would reimburse \$89.00 to Lodge 177 for the extra salary check before the end of the year. OLMS recommends that salary payments be monitored and reviewed monthly to help ensure adequate internal controls and safeguard union assets.

I want to extend my personal appreciation to Boilermakers Lodge 177 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 solid black rectangular redaction box covering the signature of the sender.

Senior Investigator