

U.S. Department of Labor

Office of Labor-Management Standards
Dallas-New Orleans District Office
A. Maceo Smith Fed. Bldg.
525 S. Griffin Street, Suite 300
Dallas, TX 75202
(972) 850-2500 Fax: (972) 850-2501



September 26, 2022

Treasurer LaBarbara Walker
Machinists Lodge 1243
705 East Ave. A
Hooks, TX 75561

Case Number: 420-6023660()
LM Number: 016480

Dear Ms. Walker:

This office has recently completed an audit of Machinists Lodge 1243 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 President Mark Harvey on September 26, 2022, 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 Violation

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 1243's 2021 records revealed the following recordkeeping violation:

Lost Wages

Lodge 1243 did not retain adequate documentation for lost wage reimbursement payments to President Mark Harvey, Treasurer LaBarbara Walker, Vice President Michael Lee,

Conductor Jackie Matthews, Trustee Kevin McFaul, and Recording Secretary Bruce totaling at least \$3,643.73. 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 1243 had copies of emails to Amentum managers requesting time off work for union business; however, there was no supporting documentation confirming the officers' wage rate or verifying the number of scheduled work hours the officers lost for each claim.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Lodge 1243 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Lodge 1243 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 Lodge 1243 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Office and Administrative Expenses

The lodge reported an inaccurate amount of \$13,504.00 in Item 48 (Office and Administrative Expenses). The accurate amount for expenses such as rent, utilities, maintenance, office supplies, and conference fees was \$12,077.73.

Disbursements listed in Item 48 (Office and Administrative Expenses) should include ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. Include all taxes assessed against and paid by your organization, including your organization's FICA taxes as an employer. Do not include disbursements for the transmittal of taxes withheld from the salaries of officers and employees which must be reported in Item 54 (Other Disbursements).

2. Other Disbursements

The lodge reported an inaccurate amount of \$5,935.00 in Item 54 (Other Disbursements) for expenses such as taxes. The accurate amount was \$6,895.19.

Disbursements made by your organization not reported in Items 45 through 53, such

as fees, fines, assessments, supplies for resale, repayments of loans obtained, transmittals of funds collected for third parties, educational and publicity expenses, withholding taxes, and payments for the account of affiliates and other third parties, should be reported in Item 54 (Other Disbursements).

3. Reimbursements to Officers

Lodge 1243 did not include reimbursements to officers totaling at least \$1,354.66 in Item 24 (All Officers and Disbursements to Officers). The amounts of \$44.35 for President Mark Harvey and \$1,310.31 for Treasurer LaBarbara Walker should have been reported in Item 24, Column E (Allowances and Other Disbursement).

The union must report most direct disbursements to Lodge 1243 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).

4. Salary and Lost Wages

Lodge 1243 paid inaccurate amounts for lost time to officers totaling at least \$3,643.73 in Item 24 (All Officers and Disbursements to Officers). Erroneous disbursements amounts occurred due to officers receiving payment from the union when they were not scheduled to work for the employer, received lost time payment when they did not attend meetings, and claimed lost time while being on paid vacation with the employer.

During the audit period, lost time was approved in the lodge bylaws at the individual's regularly scheduled shift time pay. Lost time payments, lost time vouchers, cancelled checks, and meeting minutes were checked against employer time and attendance records for verification revealing that Harvey claimed 33.75 hours of lost time but missed only 10.75 hours of regularly scheduled shift time resulting in an over payment of \$493.67, Lee claimed 23 hours of lost time and was due 18 resulting in an overpayment of \$123.15, and Walker claimed 83 hours and was due 81 resulting in an over payment of \$33.48.

A review of payments to officers for lost time revealed that inaccurate amounts were reported on the 2021 LM-3. The lodge reported \$2,343.00 Harvey, \$655.00 Lee, and \$4,174.00 for Walker in Item 24, Column D (Gross Salary). However, the correct

disbursement amounts were \$715.01 for Harvey, \$565.05 for Lee, and \$2,363.67 for Walker, in addition to their salaries.

Lodge 1243 must file an amended Form LM-3 for the fiscal year ended December 31, 2021, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than October 7, 2022. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Machinists Lodge 1243 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,



Investigator

cc: Mr. Mark Harvey, President