

U.S. Department of Labor

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Office of Labor-Management Standards
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October 23,2008

Ms. Rita Bennett, Financial Secretary
Boilermakers Local Lodge 300
170 Conwell Street
Aurora, IN 47001

LM File Number: 511-334
Case Number: [REDACTED]

Dear Ms. Bennett:

This office has recently completed an audit of Boilermakers Local Lodge 300 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 Investigator [REDACTED] discussed with you during the exit interview on July 9,2008, 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 300's 2007 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 300 did not retain adequate documentation for credit card expenses incurred by you totaling at least \$466.36. No purchase receipt was maintained for an August 26, 2007 credit card expenditure made at the Florence, Kentucky Best Buy store. You indicated you made the expenditure to purchase software for a union computer.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and financial secretary (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. Failure to Record Receipts

Local 300 did not record in its receipts records a \$777.00 check that it received from the Boilermakers International Union as reimbursement for airfare for Vice President Paul Yatsko to attend a convention. The local also did not record the \$35 sale of a bible to Vice President Yatsko nor did it record interest earned on its money market account totaling \$148.93.

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.

3. General Disbursements

Local 300 did not retain backup documentation for check # [REDACTED] for a \$300 payment to the VFW for annual meeting rental. Supporting documentation should be maintained in the union records for all disbursements.

Based on your assurance that Local 300 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 violations 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 Local 300 for the fiscal years ending December 31,2005, December 31,2006, and December 31,2007 were deficient in the following areas:

1. Item 14: Audit or Review of the Union's Books and Records

Item 14 (During the reporting period did your organization have an audit or review of its books and records by an outside accountant or by a parent body auditor/representative?) was incorrectly answered "yes" in 2005 and 2006.

2. Item 24: Disbursements to Officers

Local 300 incorrectly reported stewards as officers in Item 24 (Disbursements to Officers) in 2005,2006, and 2007. "Officer" is defined in section 3(n) of the LMRDA as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body. Officers should be listed in Item 24 of the LM-3 report and payments to them should be reported in Items 24 and 45. Generally speaking, you should include in Item 46, all payments such as salary or lost time to individuals other than officers even if your organization does not consider them to be employees.

3. Failure to File Annual LM-3 Report

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. Local 300 did not file the Labor Organization Annual Report Form LM-3 for fiscal year ending December 31,2005.

Local 300 has now filed its 2005 LM-3 report with OLMS.

I am not requiring that Local 300 file an amended LM report for 2005, 2006, or 2007 to correct the deficient items, but Local 300 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Signing Blank Checks

During the audit, you advised that union officers sign blank checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 300 review these procedures to improve internal control of union funds.

2. Property Inventory

We recommend that Local 300 maintain an inventory of its fixed and other assets. The inventory should be kept to verify, support, and clarify the amounts that should be reported in Item 29 (Fixed Assets) and Item 30 (Other Assets) of the LM-3. The union should report details of all fixed assets, such as land, buildings, automobiles, office furniture and equipment owned by your organization at the end of the reporting period. This includes assets that were expensed, fully depreciated, or carried on your organization's books at scrap value. Items purchased for gifts or resale, such as jackets and caps, should also be inventoried so that all can be accounted for. The inventory kept by the union should record a detailed description of what was purchased, the date of the purchase, the amount of the purchase, and the depreciated value. The report should be kept with the union records.

I want to extend my personal appreciation to Boilermakers Local Lodge 300 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials



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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. Duane Hollman, President