

U.S. Department of Labor

Employment Standards Administration
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January 28, 2008

Mr. Bill Nelson, President
Glass Molders Plastics Local 169
88 Webster Street
Douglas, MA 01516

LM File Number: 070-926

Case Number: [REDACTED]

Dear Mr. Nelson:

This office has recently completed an audit of Glass Molders Plastics Local 169 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 [REDACTED] on January 25, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. In the case of receipts, the date,

amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all amounts.

The audit of Local 169's 2006 records revealed the following recordkeeping violations:

1. Lost Wages

Union officers failed to record the date and or purpose of some lost wage claims. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages. During the exit interview, I provided a sample lost time/expense voucher that Local 169 may use that identifies the type of information and documentation that must be maintained for lost wages and other expenses.

2. Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses and expenses that were direct paid by the union. For example, the local's November disbursements journal showed reimbursements to the financial secretary and recording secretary for office expenses and supplies, but no receipts were retained for the expenses/supplies. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

As agreed, provided that Local 169 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding the violations.

Reporting Violations

The CAP 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 Local 169 for fiscal year 10-31-2006 was deficient in the following areas:

1. LM-3 Item 24 (All Officers and Disbursements to Officers)

The total amount of payments made to each officer was reported accurately in Item 24 (All Officers and Disbursements to Officers). However, it appears lost wages paid to officers were reported in Column E (Allowances and Other Disbursements) and not in Column D (Gross Salary). The only amount reported in Item 24 D (Gross Salary) for each officer was the \$10 per month (\$120 annual) salary compensation. However, the local's records show that the president, vice president and recording secretary received lost wages during the audit year.

2. LM-3 Item 46 (To Employees)

Lost time wages and travel reimbursements paid to union members for conducting union business were not reported in Item 46 (To Employees). The local reported \$330 in payments to employees during the audit year. However, the local's records show at least \$815 in lost wages paid to union members for conducting union business during the audit year. Such payments appear to have been erroneously reported in Item 54 (Other Disbursements).

3. LM-3 Item 49 (Professional Fees)

Local 169 erroneously reported lost wages paid to union members to conduct internal audits in Item 49 (Professional Fees). Only disbursements for "outside" legal and other professional services (auditing, economic research, computer consulting, arbitration, etc.) are reported in Item 49. Direct and indirect disbursements to officers and employees must be reported in Items 45 and 46.

I am not requiring Local 169 to file an amended report for 2006 to correct the deficient items, but as agreed, Local 169 will properly report the deficient items on all future reports filed with this agency.

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Other Issues

Countersignature

Local 169 By-Laws, Article 3, Sect. 5 states, "The Financial-Secretary shall make no disbursements without the sanction of the Local Union and then only by warrant or check signed by both the President and Financial-Secretary." Local 169 had one check (#4218 written to Financial-Secretary Kevin Maher, dated 11-14-05) that had only one signature (President Paul Martin). 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. I recommend Local 169 review the By-Laws and adhere to the two signature requirement to assure internal control of union funds.

I want to extend my personal appreciation to Glass Molders Plastics Local 169 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,

Mark Letizi
District Director

cc: Mr. Kevin Maher, Financial-Secretary