



October 11, 2012

Mr. Vincent Kasperczyk, Secretary Treasurer
Boilermakers Local 1086
7553 Sleepy Hollow Drive
Parma, OH 44130

Case Number: [REDACTED]
LM Number: 005181

Dear Mr. Kasperczyk:

This office has recently completed an audit of Boilermakers Local 1086 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 on October 3, 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 Local 1086's records for fiscal year ending June 30, 2012 revealed the following recordkeeping violations:

1. Lost Wages

Local 1086 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$2,000.00. 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 Local 1086 completed vouchers for lost time checks; however, the number of hours lost, the date the lost wages were incurred, the applicable rate of pay, and the number of hours lost was not provided.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, a sample of an expense voucher Local 1086 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.

2. Meal Expenses

Local 1086 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$200.00. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Local 1086 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, only the credit card receipt was maintained with no indication as to who was present. 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.

3. Information not Recorded in Meeting Minutes

Article 7.1 of the Local 1086 bylaws requires that a detailed financial report be given by the secretary treasurer at membership meetings and that report, once approved by the members, be made a permanent part of the minutes of the meeting. Local 1086 provided meeting minutes for only two months of the audit year; November 2011 and May 2012. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings or note that the financial report was read and approved during the membership meeting.

Based on your assurance that Local 1086 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Boilermakers Local 1086 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. Tim Johnson, President