

U.S. Department of Labor

Employment Standards Administration
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January 2, 2008

Mr. John Schuh, President
Boilermakers Lodge 697
314 3rd Street
Milladore, WI 54454

LM File Number 016-179
Case Number: [REDACTED]

Dear Mr. Schuh:

This office has recently completed an audit of Boilermakers Lodge 697 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 Treasurer Chad Brandl on December 14, 2007, 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 697's 2007 records revealed the following recordkeeping violations:

1. Reimbursed Officer/Employee Expenses

Lodge 697 had less than \$500 in reimbursed expenses to all officers and employees. However, adequate documentation was not retained for many of those expenses, including meal and mileage expenses.

For example, check [REDACTED] to [REDACTED] for mileage reimbursement (\$112.50) did not identify the dates of travel, locations traveled to and from, and the business purpose of the travel. Lodge 697 must maintain records which identify the dates of travel, locations traveled to and from, number of miles driven, and business purpose of each use of a personal vehicle.

No documentation was maintained for check [REDACTED] to you for a meal reimbursement (\$51.66). Lodge 697 must maintain itemized receipts provided by restaurants to officers and employees. Union records of meal expenses must also include written explanations of the union business conducted, the full names and titles of all persons who incurred the restaurant charges, and identification of the restaurants where the officers or employees incurred meal expenses. These itemized receipts and additional information are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

2. Lost Wages

Lodge 697 did not retain adequate documentation for lost wage reimbursement payments to all officers, including you (\$1,933), former President Kurt Post (\$2,863), and Treasurer Chad Brandl (\$875). 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 audit found that Lodge 697 maintained a payroll journal which identified only the date of the check, the total number of hours for which lost wages were being reimbursed with that particular check, FICA deductions, and net pay amount. The records do not identify the date(s) that the lost wages were incurred or the union business conducted.

During the exit interview, I provided a sample of an expense voucher Lodge 697 may use to satisfy this requirement. The sample identifies the type of information and documentation that the lodge must maintain for lost wages and other officer expenses.

3. Receipt Dates not Recorded

Entries in Lodge 697's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives 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 year in which they were actually received.

4. Fixed Assets

For the fiscal year ending June 30, 2007, Lodge 697 reported fixed assets valued at \$873 at the beginning of the year (Item 29(a)) and fixed assets valued at \$2,500 at the end of the year (Item 29(b)). The records provided by Lodge 697 did not include documentation that verified the source of those figures. The audit did not identify the purchase of any additional fixed assets during the fiscal year nor did Lodge 697 provide any information in Item 56 (Additional Information) that would explain the difference in the amount reported for fixed assets at the end of year. The LMRDA requires that records be maintained on matters that must be reported on the LM Report, such as fixed assets.

Based on your assurance that Lodge 697 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 (Form LM-3) filed by Lodge 697 for fiscal year ending June 30, 2007 was deficient in that the cash figures reported in Item 25 are not the cash figures according to Lodge 697's books after reconciliation to the bank

statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

The figures reported in Item 25(A) (Cash), Item 44 (Total Receipts), and Item 55 (Total Disbursements) fail to reconcile with the amount reported in Item 25(B) (Cash), as shown in the following calculation from page 11 of the LM-3 instructions:


Cash at Start of Period (Item 25, Col. A)	\$33,704
Plus Total Receipts (Item 44)	\$63,272
Less Total Disbursements (Item 55)	\$63,930
<hr/> Equals Cash at End of Period	\$33,046
 Cash at End of Period as reported on LM-3 (Item 25, Col. B)	\$30,546

The total amount of cash on hand at the beginning of the year plus the total receipts received during the year less the total disbursements made during the year should equal the amount of cash your union actually had on hand at the end of the year.

I am not requiring that Lodge 697 file an amended LM report for 2007 to correct the deficient items, but Lodge 697 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Boilermakers Lodge 697 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: Chad Brandl, Treasurer
Don Bluhm, Vice President