



April 25, 2024

Charles Hancock, Business Manager / Treasurer
Boilermakers Local 29
210 Bodwell St.
Avon, MA 02322

Case Number: 110-6027680()
LM Number: 008-584

Mr. Hancock:

This office has recently completed an audit of Boilermakers Local 29 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, Jeannie Mickel, and Bill Dion on April 23, 2024, 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 29's 2023 records revealed the following recordkeeping violation:

Failure to Record Receipt Dates and Other Receipt Details

Local 29 did not record in its receipt records some payments made by members for a summer social event totaling at least \$3,200. Union receipt 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.

Entries in Local 29's receipts journal reflect the date the union deposited these funds, but not the date the funds were received. 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-2. The LM-2 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 the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 29 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-2 filed by Local 29 for the fiscal year ended June 30, 2023, was deficient in the following areas:

1. Disbursements to Officers

Local 29 did not include some reimbursements to officers totaling at least \$1,800 in Schedule 11. It appears the union erroneously reported these payments in Schedule 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Automobile Expenses

Local 29 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of union automobiles totaling at least \$3,000.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

3. Failure to Itemize Disbursement or Receipt

Local 29 did not properly report some “major” transactions in Schedule 18. A “major” transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that Local 29 made payments to both Hartford Insurance Company and APC Integrated for amounts that aggregated to more than \$5,000.

4. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 29 amended its constitution and bylaws in 2017 but did not file a copy with its LM report for that year.

As agreed, Local 29 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than May 15, 2024.

I am not requiring that Local 29 file an amended LM report for 2023 to correct the deficient items, but Local 29 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Use of Signature Stamp

During the audit, Charles Hancock advised that it is Local 29's practice for him to sign all union checks and to occasionally stamp the signature of President Michael Hancock on union checks. Article 7.2 of Local 29's bylaws requires that checks be signed by the President and Business Manager / Treasurer. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check and negates the purpose of the two-signature requirement. OLMS recommends that Local 29 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Boilermakers Local 29 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: Michael Hancock, President