

U.S. Department of Labor

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December 3, 2009

Mr. John Roeber, Business Manager/Financial Secretary
Boilermakers Local 11
104 West Main Street
PO Box 1286
East Helena, MT 59635-1286

LM File Number: 514-510
Case Number: [REDACTED]

Dear Mr. Roeber:

This office has recently completed an audit of Boilermakers Local 11 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 November 20, 2009 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 Violation

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 11's fiscal year ended June 30, 2009 records revealed the following recordkeeping violation:

General Expenses

Local 11 did not retain adequate documentation for expenses incurred by union officers totaling at least \$7,800 for union provided health insurance.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

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 11 for fiscal year ending June 30, 2009, was deficient in the following areas:

1. Disbursements to Employees

Local 11 did not include payments to employees totaling at least \$5,485 in Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 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. Failure to Itemize Disbursement

Local 11 did not properly report some "major" transactions in Schedules 15 through 19. 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 disbursements during the fiscal year ended June 30, 2009 to Northwestern Energy and Montana State AFL-CIO totaled at least \$5,666 and \$7,800 respectively but were not reported in Schedules 15 through 19.

3. Failure to Report Fixed Assets

Local 11 did not properly report fixed assets, specifically automobiles, in Schedule 6. The union must report details of all fixed assets, such as land, buildings, automobiles and other vehicles, and office furniture and equipment owned by the union at the end of the reporting period. The audit found that the union owned an automobile with an original cost of \$23,066 but did not disclose it in LM-2, Schedule 6 for its fiscal year ended June 30, 2009.

Local 11 must file an amended Form LM-2 for fiscal year ending June 30, 2009, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than December 31, 2009. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Boilermakers Local 11 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