



May 5, 2014

Ms. Connie Cheesman, Treasurer
Independent Lift Truck Builders Union
1010 East Fairchild Street
Danville, IL 61832

Dear Ms. Cheesman:

This office has recently completed an audit of the Independent Lift Truck Builders Union (ILTBU) 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 President Todd Duitsman on April 25, 2014, 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 review of ILTBU financial records disclosed recordkeeping violations of Section 206 of the LMRDA in that your union did not maintain records to adequately verify the following:

1. Disposition of Property

ILTBU did not maintain an inventory of hats and t-shirts the union purchases, sold, or gave away. The union must report the value of any union property on hand at the beginning and

end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union hats and t-shirts.

2. Failure to Record Receipts

ILTBU did not record in its receipts records money received from sales of hats and t-shirts. The union must maintain records that adequately identify all money it receives. The records should show the amount received, and the source of the money.

3. Receipt Dates not Recorded

Entries in ILTBU petty cash journal reflect disbursements of petty cash, but does not record when 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 the union reporting some receipts for a different year than when it actually received them.

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 ILTBU for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 of the LM-3 report (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away hats and t-shirts totaling at a minimum \$96.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. 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. ILTBU amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

ILTBU has filed a current copy of its Bylaws with OLMS.

I am not requiring ILTBU file an emended LM report to correct the deficient items, but ILTBU has agreed to properly report the deficient items on all future report it files with OLMS.

Other

During the compliance audit, it was discovered current officers were not authorized to access the union's safety deposit box. During the audit, the union has updated its records and now only current officers have access to the union's safety deposit box. OLMS will take no further action regarding this issue.

I want to express my personal appreciation to ILTBU 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 utilized and passed on to future officers. If OLMS can provide any assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Todd Duitsman, President