



September 16, 2014

Mr. Kevin Kline, Financial Secretary Treasurer
Engineers, Prof. & Tech., AFL-CIO
Local 137
2720 N 250 E
Columbia City, IN 46725

Case Number: 310-3123577
LM Number: 038407

Dear Mr. Kline:

This office has recently completed an audit of International Federation of Professional & Technical Engineers (IFPTE) Local 137 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 William Allday on March 26, 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 audit of Local 137's records for fiscal year ending March 31, 2013, revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 137 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees in fiscal year 2013 totaling at least \$2,568.60.

OLMS found that in fiscal year 2013 former President [REDACTED] and two other officers, while conducting union business, utilized union credit cards to purchase food and lodging as well as pay for membership meeting expenses. The union's card was used to pay travel expenses including lodging and meals for multiple trips made by officers to conferences in Chicago, IL in 2012. The officers did not submit additional request for per diem. In one instance, President [REDACTED] used his personal credit card instead of the union credit card for which he was reimbursed but provided no supporting documentation other than his credit card statement. OLMS confirmed the reimbursement was for a meal totaling \$93. However, OLMS found no documentation explaining the names and titles of the persons incurring the charges.

As 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.

2. Meal Expenses

OLMS found that previously Local 137 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$93. 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 137 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, former President [REDACTED] failed to provide receipts for a \$93 meal he had during a visit to Chicago in July 2012. 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.

Current officers do note all meals and other expenses incurred while conducting union business on a voucher with attached third party receipts.

Based on your assurance that Local 137 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 Local 137 for the fiscal year ended March 31, 2013, was deficient in that it failed to list all officers and payments to officers in Item 24 of the report.

3. Disbursements to Officers (LM-3)

Local 137 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 137 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Local 137 filed an amended Form LM-3 for fiscal year ending March 31, 2013, that has corrected the deficient items discussed above.

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 137 amended its constitution and bylaws in 2013, but did not file a copy with its LM report for that year.

Local 137 filed a copy of its constitution and bylaws.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you and President Allday the audit revealed that Local 137 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to a union credit card. OLMS recommends that unions adopt written guidelines concerning such matters.

As 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.

I want to extend my personal appreciation to IFPTE 137 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