



October 12, 2016

Mr. John Munsterman, President  
Glass Molders, Plastics AFL-CIO Local 63-B  
2273 Pinewood Drive  
Mounds View, MN 55112

Case Number: 320-6006724 [REDACTED]  
LM Number: 005071

Dear Mr. Munsterman:

This office has recently completed an audit of Glass Molders, Plastics AFL-CIO Local 63-B 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 Treasurer [REDACTED], Recording Secretary [REDACTED] and Vice President [REDACTED] on August 4, 2016, 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 63'B's 2015 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 63-B did not maintain records to verify that the payments to Financial Secretary-Treasurer [REDACTED] reported in Column D (Gross Salary (before taxes and other

deductions)) of Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and were therefore correctly reported.

██████████ stated that the authorized salary for the position of financial secretary-treasurer is found in Article 9, Section 7 (Expense Reimbursement & Compensation) of the Local 63-B bylaws. However, the bylaws read, "The salary for the full time Financial Secretary-Treasurer will be an amount determined by the executive board of Local 63-B with the approval of the membership." During the audit, Treasurer ██████████ stated that the financial secretary/treasurer's salary was approved by the membership in 2009 and that in 2015, the authorized salary was \$49,400. However, he could provide no minutes that reflect this authorized rate. Furthermore, the Local 63-B bylaws do not reflect what the authorized salary is for the secretary/treasurer. The union must keep a record, such as meeting minutes, to show the current salaries for officers and employees as authorized by the entity or individual with the authority to establish salaries.

2. Receipt Dates not Recorded and Failure to Record Receipts

The audit revealed that Local 63-B did not adequately record in its receipt records money collected from the sale of T-shirts. For example, on March 27, 2015 there is an entry in the receipts journal of "cash" for the sale of seven T-shirt, but the union failed to record the names of the individuals who purchased the t-shirts. In addition, entries in Local 63-B's receipts journal and in Quicken reflect the date the union deposited money, but not the date money was received. During the opening interview ██████████ stated that on the day a receipt is deposited, maybe the day before it is deposited, he records the deposit date in Quicken and in the ledger, not the date the receipt was received.

Union receipts 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. 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.

3. Disbursements for Credit Card Expenses

Local 63-B did not retain adequate documentation for at least 13 credit card expenses incurred by union officers totaling \$5,725.33. For example, Local 63-B incurred two charges at "FMCS Arbitration" totaling \$60. In support of these payments, the union only retained the credit card statements, which is not sufficient. For the remaining credit card charges totaling \$5,665.33, ██████████ obtained the missing receipts from the vendors and provided copies of the receipts during the audit.

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.

4. Lost Wages

Local 63-B did not retain adequate documentation for lost wage reimbursement payments to you, [REDACTED], and other union officials. The union must maintain records 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 officers did not always identify on the lost wage vouchers the date lost wages were incurred, a description of the union business conducted, and the number of hours lost on each date.

During the exit interview, I provided the OLMS Compliance Tip *Union Lost Time Payments* that contained a sample of an expense voucher Local 63-B may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

5. Mileage Claims

Union officers and employees who received reimbursement for the business use of their personal vehicles, but did not retain adequate documentation to support payments to them totaling at least \$4,653 during the fiscal year ended October 31, 2015. Officers and employees mileage reimbursements were claimed on slips of paper that normally identified the name of the individual who traveled, and the number of miles driven. However, the slips of paper were not sufficient because they often failed to identify the dates of the travel, the locations traveled to and from, or the business purpose for the travel.

The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 63-B will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 63-B amended its bylaws in 2006, but did not file a copy with its LM report that year. In addition, Item 21 (which asks if the union made any changes to its

constitution and bylaws during the year) was incorrectly answered "No." Local 63-B has now filed a copy of its 2006 bylaws.

I am not requiring that Local 63-B file amended LM report for 2006 to correct the deficient item, but Local 63-B has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Glass Molders, Plastics AFL-CIO Local 63-B 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,

[REDACTED]

[REDACTED]

Senior Investigator

cc: [REDACTED], Treasurer