



March 28, 2016

Mr. Frances Richardson, President
Boilermakers AFL-CIO Lodge 650
PO Box 460
Lake City, MN 55041

Case Number: 320-6006416 [REDACTED]
LM Number: 509677

Dear Mr. Richardson:

This office has recently completed an audit of Boilermakers Lodge 650 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 Newton High on March 18, 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 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 Lodge 650's records for the period ending June 30, 2015, revealed the following recordkeeping violation:

Receipt Dates not Recorded

Entries in Lodge 650's QuickBooks reflect the date the union deposited money, but not the date 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.

Based on your assurance that Lodge 650 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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 Lodge 650 for the fiscal year ended June 30, 2015, was deficient in the following area:

Disbursements to Officers (LM-3)

Lodge 650 did not include some reimbursements to officers totaling at least \$416 in the amounts reported Item 24 (All Officers and Disbursements to Officers). The expense vouchers maintained by Lodge 650 identifies reimbursed expense payments to officers totaling almost \$708, but only \$292 was reported in Column E (Allowances and Other Disbursements) of Item 24. It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

In addition, the audit also revealed that Lodge 650 reported gross wages paid to officers totaling at least \$7,227 in Column E. These payments should have been reported in Column D (Gross Salary).

The union must report most direct disbursements to Lodge 650 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 for room rent only) 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).

I am not requiring that Lodge 650 file an amended LM report for 2015 to correct the deficient items, but Lodge 650 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Boilermakers Lodge 650 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,

Senior Investigator

cc: Mr. Newton High, Treasurer