

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760 W
Philadelphia, PA 19106
(215)861-4818 Fax: (215)861-4819



April 20, 2007

Mr. John Becker, Secretary-Treasurer
Boilermakers AFL-CIO
Local Lodge 87
136 Blackthorne Lane
Aston, PA 19014

Re: Case Number: [REDACTED]

Dear Mr. Becker:

This office has recently completed an audit of Boilermakers Local 87 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 Harry Williams on April 13, 2007, 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 87's records for fiscal year ending June 30, 2006 revealed the following recordkeeping violations:

1. Lost Wages

Local 87 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$318.00. 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. Your union's bylaws require that all reimbursed expenses be claimed on a completed voucher. The OLMS audit found that Local 87 did not maintain any document or voucher that recorded any of the previously mentioned information needed to identify lost wages received by officers.

Enclosed is a sample of an expense voucher Local 87 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.

2. Lack of Allowance Authorization

Local 87 did not maintain records to verify allowances received by union officers. The union must keep a record, such as meeting minutes, to show the current allowance authorized by the entity or individual in the union with the authority to establish allowances.

Based on your assurance that Local 87 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 87 for fiscal year ending June 30, 2006, was deficient in that:

1. Disbursements to Officers

Local 87 did not include reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

Local 87 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 all direct disbursements to Local 87 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. 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 87 must file an amended Form LM-3 for fiscal year ending June 30, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 11, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Signing Blank Checks

During the audit, you advised that Harry Williams signs blank checks. Your union's bylaws require that all checks be signed by the secretary-treasurer and countersigned by the president. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance

Mr. John Becker
April 20, 2007
Page 4 of 4

does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 87 review these procedures to improve internal control of union funds.


2. Election Notice

Title IV of the LMRDA establishes certain election requirements. Section 401(e) requires, among other things, that the notice of election be mailed to the last known home address of every union member at least 15 days prior to the election. You and Mr. Williams advised that the union was not aware of this requirement. The audit did not disclose a violation of Title IV, Section 401(e) because all nominated candidates in your last election ran unopposed. You and Mr. Williams assured that if the union's next officer election, scheduled for June 2008, is contested the previously mentioned election requirement will be executed.

During the exit interview, I provided reading material pertaining to the election requirements of the LMRDA. If more information and/or guidance is needed when preparing for the union's next officer election please contact this office.

I want to extend my personal appreciation to Boilermakers Local 87 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

enclosures

cc: President Harry Williams