

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 25, 2009

Mr. James Sladek, Secretary-Treasurer
Boilermakers AFL-CIO
Lodge 802
P.O. Box 146
Crum Lynn, PA 19022-0146

LM File Number 038-321

Case Number: [REDACTED]

Dear Mr. Sladek:

This office has recently completed an audit of Boilermakers Lodge 802 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 on September 24, 2009, 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 Lodge 802's 2008 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit, Secretary-Treasurer Sladek advised OLMS that the membership is supposed to authorize disbursements at the monthly the membership meetings. Lodge 802 has routinely failed to establish a quorum and membership meeting have not been conducted. The lodge has conducted monthly executive board meetings and authorized the disbursement of union funds for routine operating expenses. However, the minutes of the meetings do not contain any reference to disbursement authorizations. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Lodge 802 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

During the audit, Lodge 802 recorded in Executive Board Meeting Minutes the current salary authorizations for all officers and employees. The lodge has agreed to record salary authorizations in meeting minutes during January of each year.

Based on your assurance that Lodge 802 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation:

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Fixed Asset Inventory

The audit revealed that Lodge 802 does not maintain a fixed asset inventory. A fixed asset inventory should be maintained to identify each asset, the value of each asset and to document the purchase, sale or distribution of each asset. OLMS recommends that unions establish and maintain a fixed asset inventory to adequately account for all property that is purchased, sold or given away.

I want to extend my personal appreciation to Boilermakers Lodge 802 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

cc: Elwood McGinnis, President