



August 24, 2010

Ms. Sondra Schilt, Secretary-Treasurer
Machinists AFL-CIO Lodge 130W
Woodworkers
2211 Foron Road
Centralia, WA 98531-9351

Case Number: [REDACTED]
LM Number: 531708

Dear Ms. Schilt:

This office has recently completed an audit of Machinists AFL-CIO Lodge 130W, Woodworkers 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 and Grand Lodge Auditor Bruce Spalding on August 20, 2010, 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 130W's 2009 records revealed the following recordkeeping violations:

1. Lost Wages

Lodge 130W did not retain adequate documentation for lost wage reimbursement payments to union officers and members. 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 OLMS audit found that Lodge 130W, retained vouchers but the vouchers did not always identify the union business conducted.

2. Lack of Salary Authorization

Lodge 130W did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) and Item 46 (Disbursements to Employees) of the LM-3 were the authorized amount and therefore were 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.

Based on your assurance that Lodge 130W 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 Lodge 130W for fiscal year ending December 31, 2009, was deficient in that:

Investments Reported as Cash

Lodge 130W improperly included the value of an investment in Item 25 (Cash). For LM reporting purposes, OLMS does not consider investments as cash and the investment should be reported as an Investment in Item 28.

Lodge 130W must file an amended Form LM-3 for fiscal year ending December 31, 2009 to correct the deficient item discussed above. The blank form 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 September 15, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Machinists AFL-CIO Lodge 130W, Woodworkers 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: Mr. Dale McCalden, President