



September 22, 2011

Ms. Vivian Langford, Secretary-Treasurer
Machinists (Woodworkers) Lodge 475
[REDACTED]
Crossett, AR 71635

Case Number: [REDACTED]
LM Number: 537304

Dear Ms. Langford:

This office has recently completed an audit of Machinists (Woodworkers) Lodge 475 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, President Verdie Vann, Recording Secretary Tenacka Montgomery, and Administrative Secretary Armenda Mason on July 20, 2011, 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 475's 2010 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Lodge 475 did not record one dues payment in its receipts records totaling at least \$4. Lodge 475 failed to record the \$4 member [REDACTED] paid directly to Lodge 475 on November 9, 2010 in QuickBooks or deposit it into Lodge 475's bank account during the audit year. 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.

2. Dues Checkoff Reports and Dues Check Stubs

Lodge 475 failed to maintain the October 2010 employer check-off report and dues check stubs for January, February, March, August, October, and November 2010. Section 206 of the LMRDA requires, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained, and clarified.

3. Savings Account

Lodge 475 failed to maintain a complete union record of their savings account in that they failed to record the \$227.32 in interest earned on their savings account into QuickBooks. Labor organizations are required to create and maintain a complete union record for each of their bank accounts.

4. Bank Statements

Lodge 475 failed to maintain a couple quarterly bank statements for their savings account. Section 206 of the LMRDA requires, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained, and clarified.

5. General Reimbursed Expenses

Lodge 475 did not retain adequate documentation for reimbursed expenses incurred by Lodge 475 President Verdie Vann totaling at least \$1,400. For example, there was no union purpose stated on Vann's expense vouchers for his union related trips to Memphis, TN in April and May of 2010. Another example is there were no travel dates or union purpose on Vann's expense vouchers for his union related trips to Monticello, AR in March of 2010 and Warren, AR in April of 2010. Finally, Lodge 475 failed to maintain Vann's hotel receipts for his union trip to Little Rock, AR in October of 2010 and his union trip to Memphis, TN in April of 2010.

Lodge 475 also did not retain adequate documentation for reimbursed expenses incurred by Lodge 475 Recording Secretary Tenacka Montgomery totaling at least \$445. For example,

there were no travel dates or union purpose on Montgomery's expense report for her union related trip to Little Rock, AR in October of 2010. Also, Lodge 475 failed to maintain Montgomery's hotel receipt for her union trip to Little Rock, AR in October of 2010.

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.

6. Meal Expenses

Lodge 475's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, an undated receipt from Mama's Family Restaurant in the amount of \$71.05 did not list the names of the attendees or include a written explanation of the union business conducted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

7. Fixed Assets

Lodge 475 failed to maintain an inventory of their fixed assets. Records must be maintained that account for all union property. In the case of union furniture or equipment, a record should include the date of purchase and cost and value of each item.

Based on your assurance that Lodge 475 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Failure to File Bylaws

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. Lodge 475 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year. Lodge 475 has now filed a copy of its constitution and bylaws.

Other Issues

1. Lost Time Claims

During the audit year, Secretary-Treasurer Vivian Langford, Recording Secretary Tenacka Montgomery, and President Verdie Vann were overpaid lost time. For example, some lost time payments made to Langford, Montgomery, and Vann were for slightly more hours than the actual number of hours lost from work. Another example is that some lost time payments made to Vann were paid at his overtime rate when he worked less than eight hours on the claimed days. Further, President Vann was sometimes paid both eight hours of lost time and four hours of lost time at his overtime rate for one day of lost time. Finally, Vann sometimes worked his regular eight hour shift and was also paid four hours of lost time at his overtime rate. In total, Vann was overpaid at least \$1,200, Langford was overpaid about \$14, and Montgomery was overpaid about \$21.

OLMS recommends obtaining documentation from the employer such as time cards or work schedules in support of lost time claims in order to prevent overpaying officers and members lost time.

2. Income versus Expenses

Lodge 475's expenses exceeded their income in the audit year 2010. OLMS recommends creating a budget in order to prevent this from happening in the future.

I want to extend my personal appreciation to Lodge 475 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: Armenda Mason, Administrative Secretary
Tenacka Montgomery, Recording Secretary
Verdie Vann, President