

U.S. Department of Labor
Cleveland District Office

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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September 11, 2009

Dennis M. Greear, Financial Secretary
Machinists Lodge 1849
4735 Stoney Ridge Road
Avon, Ohio 44011-2268

Re: Case No. [REDACTED]

Dear Mr. Greear:

This office has recently completed an audit of Machinists Lodge 1849 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 August 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 1849's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Lodge 1849 did not retain adequate documentation for reimbursed expenses incurred by Secretary-Treasurer Michelle Miller totaling at least \$83. Some of these expenses were for tax supplies and envelopes for which there were no receipts.

As previously 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.

2. Failure to Record Receipts

Lodge 1849 did not maintain an accurate record of its dues checkoff receipts in that it failed to record dues checkoff checks in its receipts journal for the first half of the 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.

Based on your assurance that Lodge 1849 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 LM-3 filed by Lodge 1849 for fiscal year ending December 31, 2008, was deficient in that:

Disbursements to Officers (LM-3)

Lodge 1849 did not include some reimbursements to officers totaling at least \$350 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Lodge 1849 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

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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) 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).

You assured me that Lodge 1849 would properly report all costs to the appropriate officers regardless of whether the costs were direct or indirect.

Other Issues

Lodge 1849 did not maintain a check register or a disbursement journal. The union recorded disbursements on the check stubs, i.e. payee, date and amount. However, there were no entries of deposits and balances on the check stubs. We recommend that a check register or disbursement journal be maintained and the check stubs be properly completed.

Based on your assurance that Lodge 1849 will properly report the deficient items on all future reports it files with OLMS, I am not requiring that Lodge 1849 file an amended LM report for 2008 be filed.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,



Investigator

cc: John Spyak, President

