

**U.S. Department of Labor**

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July 17, 2009

Mr. Donald Westmiller, Secretary-Treasurer  
Machinists AFL-CIO  
Local Union 2671  
PO Box 2456  
Auburn, NY 13021

LM File Number 512-730  
Case Number: [REDACTED]

Dear Mr. Westmiller:

This office has recently completed an audit of Machinists Local 2671 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 Bernard Bove on June 15, 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 Local 2671's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2671 did not retain adequate documentation for reimbursed expenses incurred by President Bove in connection with the union's convention hotel in Orlando, Florida. Although a voucher was completed for the expense totaling \$1,341.04, the hotel bill itemizing the expense was not retained.

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. Meal Expenses

Local 2671'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, several lunch meeting expenses were incurred for the negotiating committee without noting those persons in attendance or 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.

Based on your assurance that Local 2671 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 Local 2671 for fiscal year ending December 31, 2008, was deficient in the following areas:

#### Disbursements to Officers

Local 2671 did not include some reimbursements to officers totaling at least \$3,729 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48, (Office & Administrative Expense).

The union must report most direct disbursements to Local 2671 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. 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).

I am not requiring that Local 2671 file an amended LM report for 2008 to correct the deficient items, but Local 2671 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### 1. Receipts Recorded But Not Timely Deposited

A receipt recorded in the local's computerized ledger system for \$371.68 on December 1, 2008 was not deposited to the union's account until April 22, 2009. OLMS strongly recommends that unions record and deposit all receipts in a timely manner.

2. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 2671 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. For example, any authorization for reimbursement of overnight travel expenses incurred should clearly specify the amount of per diem approved to the officer in the local or executive board meeting minutes. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Machinists Local 2671 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: Bernard Bove, President