

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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April 21, 2009

Mr. Ronald Wolff, Secretary-Treasurer
Machinists Lodge 777
12365 St. Charles Rock Road
Bridgeton, MO 63044

LM File Number 042-458
Case Number: [REDACTED]

Dear Mr. Wolff:

This office has recently completed an audit of Machinists Lodge 777 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 April 10, 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 777's 2007 records revealed the following recordkeeping violations:

1. Lost Wages

Lodge 777 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees for 22 percent of all lost time vouchers filed in 2007. 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 777, retained lost time vouchers for 77 lost time payments; however, 17 vouchers did not include a description of union business conducted.

2. Failure To Maintain Adequate Documentation

Lodge 777 did not maintain adequate book and bank records to verify the beginning and ending balance and interest accrued throughout the year for the Enterprise certificate of deposit. Also, Lodge 777 did not retain deposit slips for the general, organizing, and strike accounts. The union must retain records to verify, clarify, and explain the information contained on the LM-2 report.

3. Lack of Salary Authorization

Lodge 777 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 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 777 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit disclosed the following 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 777 amended its constitution and bylaws in 2001, but did not file a copy with its LM report for that year.

Lodge 777 has now filed a copy of its constitution and bylaws. OLMS will take no further enforcement action at this time regarding the above violation.

Other Violation

The audit disclosed the following other violation:

Duplicate Receipts

Members of Lodge 777 pay dues directly to the union. Union employees record dues payments on the union's cash sheet, but they do not issue duplicate receipts to dues payers unless one is requested. OLMS recommends that Lodge 777 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Machinists Lodge 777 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.

Mr. Ronald Wolff
April 21, 2009
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Sincerely,



Investigator

cc: Calvin Davis, President