

U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
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February 23, 2005

Mr. Greg Kallberg, President  
Machinists Lodge W-67

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Re:

Dear Mr. Kallberg:

This office has recently completed an audit of Machinists Lodge W-67 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 Secretary Treasurer Doug Kunze on January 18, 2005, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following recordkeeping violations were revealed during the audit of Machinists Lodge W-67's 2003 records:

1. Lodge W-67 failed to retain supporting documentation for some lost time payment to officers. For example, you received a lost time payment in November 16, 2003 for \$37.00. No supporting documentation was retained. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost time must be retained. During the exit interview, I provided

samples of blank expense vouchers Lodge W-67 may use that identify the type of information and documentation, which must be retained for lost wages and other officer expenses.

2. The audit revealed that some voided checks were not retained. As a general rule, all types of records created or used in the normal course of doing union business must be maintained by the union for five years.
3. Lodge W-67 failed to retain supporting documentation such as bills, invoices, and receipts for various disbursements. As examples, supporting documentation was not retained for a checks issued to **7CC** on 02/14/03, **7CC** on 06/24/03, and **7CC** on 12/17/03.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

4. During the audit, Mr. Kunze advised me that Lodge W-67 failed to retain meeting minutes for several of the past five years because the previous recording secretary did not return the meeting minutes' book to the lodge when he quit his job with Liberty Homes. As previously noted, all records that are created during the course of union business must be retained for five years.

As agreed, provided that Lodge W-67 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding these violations.

#### Other Issues

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Lodge W-67 amended its constitution and bylaws in May 17, 1997, but a copy of the constitution and bylaws was not filed with the LM report filed with OLMS for that year.

Two copies of Lodge W-67's constitution and bylaws have now been filed.

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I want to extend my personal appreciation for Mr. Kunze'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,

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Investigator

cc: Doug Kunze, Secretary-Treasurer  
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