



March 14, 2016

Carolyn Nitcher, Compliance Auditor
International Brotherhood of Boilermakers
753 State Avenue, Suite 570
Kansas City, KS 66101

Case Number: 140-6006389
LM Number: 504854

Dear Ms. Nitcher:

This office recently completed an audit of Boilermakers Local 906 under the Compliance Audit Program (CAP) to determine the 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 the phone today, 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 906's 2015 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 906 did not properly identify receipts received from employer dues checks in their receipts journal. For example, although the union recorded the amount and date of the deposit in their receipts journal, the entry failed to properly identify the source of the money that the union received. Union receipt 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. Failure to Maintain Deposit Records

Local 906 failed to maintain all deposit slips associated with the income received from employer dues. For the audit year, only two deposit slips were found.

3. Reimbursed Expenses to Officers and Members

Local 906 did not retain adequate documentation for reimbursed expenses for officers. For example, Local 906 did not retain vouchers or meeting minutes or have verbiage placed on union checks to support per diem and expense payments to officers for the annual convention.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of unions who are required to sign the union's LM report, are responsible for properly maintaining union records.

I understand that as of March 1, 2016, Local 906 members merged with Local 154. I appreciate you taking the time to meet with me to discuss this compliance audit. I want to extend my personal appreciation to the International Brotherhood of Boilermakers and Local 906 for the cooperation and courtesy extended during this compliance audit. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

Mary Ann Bowman
Investigator

cc:

