

U.S. Department of Labor

Employment Standards Administration
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November 5, 2010

Mr. William Irvin, President
Machinists Lodge 264
165 Beale Street
Quincy, MA 02170

LM File Number: 022-251

Case Number: [REDACTED]

Dear Mr. Irvin:

This office has recently completed an audit of Machinists Lodge 264 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 Treasurer Brian Cummins on November 4, 2010, 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 Machinists Lodge 264's 2009 records revealed the following recordkeeping violations:

1. General Expenses

Lodge 264 did not retain adequate documentation for expenses incurred by the union totaling at least \$2,840. For example, the local did not retain an invoice or receipt for \$1,700 paid to the Sea Crest Resort for rooms for a conference.

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. Lost Wages

Lodge 264 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees in at least 61 instances. 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 while Lodge 264 retained union vouchers with the name of the officers and employee receiving the lost time, the 61 identified vouchers either did not have the number of hours lost, the hourly rate of pay for each individual, the date lost wages were incurred or the reason for the lost time.

3. Receipt Dates Not Recorded

Entries in Lodge 264's quick books reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipts. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3.

The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Lodge 264 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 264 for fiscal year ending December 31, 2009, was deficient in the following area:

Acquire/Dispose of Property

Item-13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "yes," because the union gave away T-shirts at the monthly membership meetings during the audit year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Lodge 264 file an amended report for 2009 to correct the deficient items, but Lodge 264 has agreed to properly report the deficient items on all future report it files with OLMS.

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I want to extend my personal appreciation to Machinists Lodge 264 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,

[REDACTED]
Investigator

cc: Mr. Brian Cummins, Treasurer