

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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February 7, 2005

Mr. Darrell Bollegar, Secretary-Treasurer
Machinists Lodge 1745
P.O. Box 585
Warrenton, MO 63383

Dear Mr. Bollegar:

This office has recently completed an audit of Machinists Lodge 1745 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA) of 1959. As discussed during the exit interview with you on January 27, 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.

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.

Appropriate documentation was not retained for disbursements, lost-time payments, and purchases of items on the local's MasterCard credit cards. There was no backup documentation showing approval by membership for the purchase of a desk for the secretary-treasurer and for the purchase of some office supplies on the credit card. There was also no backup documentation authorizing the expenditures for the yearly fund raising golf tournament and for the purchase of a digital camera. In addition, the vouchers used for lost-time in many circumstances did not include the dates and reason for the lost-time disbursements. Nearly all the disbursement vouchers did not have approval signatures by the secretary-treasurer and the president. With respect to documentation retained in support of specific disbursements, 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 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.

As agreed, provided that Lodge 1745 maintains adequate documentation and authorization for its disbursements in the future, no additional enforcement action will be taken regarding this violation at this time.

It is my understanding that your International Union no longer allows the use of union credit cards; however, I strongly urge Lodge 1745 to adopt clear guidelines regarding what types of reimbursable union expenses may be charged on a personal credit card. Our office is certainly available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt.

If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

It is recommended that the local begin to keep executive board meeting minutes. In addition, it is recommended that the membership meeting minutes include specific information about the approval of financial disbursements.

During the audit, you advised that it is the lodge's practice for you to sign all union checks and to occasionally stamp the signature of president on union checks. You also advised that you will occasionally sign a blank check for use by the president. No one but you reviews the checks before they are issued. Your union's bylaws state that checks are to be signed by the president and treasurer. The second signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use by the primary signer of a signature stamp for the second signature or the signing of a blank check does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. You may want to revise this aspect of your check disbursement procedures.

I strongly recommend that you make sure this letter and the compliance assistance materials that were provided to you are passed on to your successors at whatever time you may leave office.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

Dennis L. Eckert
District Director

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By: Timothy Scharr
Investigator