



December 28, 2005

Mr. Cletus Hoercher, Treasurer  
Service Employees Local 116  
1828 East D Street  
Belleville, Illinois 62221-4920

Dear Mr. Hoercher:

This office has recently completed an audit of Service Employees Local 116 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 and President Roger Sickman on September 15, 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.

The following violations were revealed during the audit of Local 116's 2003 and 2004 records:

Title II of the LMRDA establishes certain reporting and record-keeping requirements. Section 206, among other things, requires that records be maintained for at least 5 years from which the documents filed with the Secretary of Labor can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained.

Local 116 failed to record all deposits made into its checking accounts. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and individual amount received from each source. As we discussed, the following suggestions could be implemented to improve receipt record-keeping procedures:

- A union receipts/disbursements ledger for every checking account including the General Fund, Payroll Fund, and Retirees Club Fund
- Entries for all fund transfers including debits disbursed from a checking account and credits deposited into checking accounts
- Duplicate receipts issued to the members/retirees who pay their dues by cash/check and not by direct pay from employers

Additionally, back-up documentation was missing or did not contain an adequate explanation for several disbursements during the audit year. For example, several disbursements to the Mascoutah Sportsman Club lacked adequate back-up documentation to explain the purpose of the disbursement. As explained during the exit interview, back-up documentation for disbursements should not only include 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.

During the exit interview, you agreed to make changes in your record-keeping procedures to ensure that adequate documentation for all receipts, deposits, disbursements, and fund transfers will be retained.

Title II, Section 201(a) of the LMRDA states that every organization shall file a report that includes, among other things, the name and title of each of its officers. As we discussed during the exit interview, you did not list the names of some officers who held office during the audit year in item 24 of the LM-3 report. As agreed, you will properly report all officer positions on future reports filed with this agency.

The audit also revealed that several disbursement checks had only one officer signature, and payroll checks had the signature of the bookkeeper clerk hired by Local 116 to process payroll checks. As we discussed, using two officer signatures on all disbursement checks, including payroll, is encouraged and is an effective internal control of union funds.

As discussed during the exit interview, Local 116 has updated its by-laws and is currently awaiting approval from the international. As agreed during the exit interview, Local 116 will forward a copy of the updated by-laws to this agency. Please attach two new dated copies with your next submitted LM report.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

Dennis L. Eckert  
District Director

By: Investigator

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