

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
1000 Liberty Avenue
Room 1411
Pittsburgh, PA 15222
(412)395-6925 Fax: (412)395-5409



March 14, 2008

Mr. Michael Mills, Secretary/Treasurer
Machinists AFL-CIO
Local Lodge 1676
2245 Lee Street
East Liverpool, OH 43920

LM File Number 008-194
Case Number: [REDACTED]

Dear Mr. Mills:

This office has recently completed an audit of Machinists LLG 1676 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 Grand Lodge Auditor Jack Hecker on March 11, 2008, 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 1676's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1676 did not retain adequate documentation for a reimbursed expense and a personal credit card expense incurred by [REDACTED] totaling at least \$ 37.08. [REDACTED] purchased ink with his personal credit card on February 26, 2006 and was reimbursed by the union with check [REDACTED]. While there is a statement of his purchase from the vendor, there is no credit card statement.

2. Deposit Slip

The union made a deposit of \$4,744.00 on February 1, 2006. A corresponding bank deposit slip was not retained.

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.

Based on your assurance that Local 1676 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 Form LM-3 filed by Local 1676 for fiscal year ending December 31, 2006, was deficient in the following area:

Lost Wage Payments to Officers and Employees

Lost wages received by officers were erroneously reported on the 2006 LM-3 form under item 24 Column (E) -Allowances and Other Disbursements. All officer salaries and wages (including lost wages) are to be reported under item 24 Column (D) - Gross Salary (before taxes and other deductions) and item 45. Members' (who are not officers) lost wages were also reported in item 24 (Disbursements to Officers). These wages are to be reported in item 46 - Disbursements to Employees (less deductions).

I am not requiring that Local 1676 file an amended LM report for 2006 to correct the deficient items, but Local 1676 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Machinists LLG 1676 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,



Investigator

cc: Jack L. Hecker, Grand Lodge Auditor