

U.S. Department of Labor

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Office of Labor-Management Standards
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August 26, 2008

Mr. Kenneth Walck, President
Machinists, AFL-CIO
Lodge 917
25 Park Avenue
Nesquehoning, PA 18240

LM File Number 037-900

Case Number: [REDACTED]

Dear Mr. Walck:

This office has recently completed an audit of Machinists Lodge 917 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 on August 26, 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 Lodge 917's 2007 records revealed the following recordkeeping violations:

1. General Expenses

Lodge 917 did not consistently retain adequate documentation for expenses incurred by the union totaling at least \$468.67. For example, check [REDACTED] dated February 6, 2007 made out to Office Depot for \$418.67 was noted as being an office and administrative expense in the union books but no receipt or voucher was maintained. Also, check [REDACTED] dated April 17, 2007 made out to [REDACTED] for \$50.00, no invoice or receipt was maintained. These invoices are necessary to determine if such disbursements are for union purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

2. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not always retain adequate documentation to support payments to them. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Lodge 917 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation 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]
Senior Investigator

cc: Norman Krobath, Financial Secretary