

U.S. Department of Labor

**Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
1111 Third Avenue
Room 605
Seattle, WA 98101
(206) 398-8099 Fax:(206) 398-8090**



June 10, 2008

Mr. Roger Hundtoft, Secretary-Treasurer
Machinists AFL-CIO
LG 289
16428 Hillpointe Circle
Lynnwood, WA 98037

LM File Number: 019-877
Case Number: [REDACTED]

Dear Mr. Hundtoft:

This office has recently completed an audit of Machinists LG 289 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 May 2, 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 LG 289's 2007 records revealed the following recordkeeping violation:

General Reimbursed Expenses

LG 289 did not retain adequate documentation for reimbursed expenses by union officers and employees totaling at least \$600. On several occasions throughout 2007, LG 289 reimbursed members for expenses, but did not retain documentation to show that the expenses the members were reimbursed for were union related.

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.

Other Issues

Use of Signature Stamp

During the audit, you advised that it is LG 289's practice for you to sign all union checks and to stamp the signature of President Robert James on union checks. You indicated that no one but you reviews the checks before they are issued. The two 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 of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that LG 289 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Machinists LG 289 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: Mr. Roger James, President