

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigative Office
900 Second Avenue South
Room 450
Minneapolis, MN 55402
(612)370-3111 Fax: (612)370-3107



April 30, 2007

Mr. William Cody, Secretary/Treasurer
International Association of Machinists and Aerospace Workers
Lodge 112
3896 156th St. West
Rosemount, MN 55068

LM File Number 019-328

Case Number: [REDACTED]

Dear Mr. Cody:

This office has recently completed an audit of Machinists Lodge 112 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, President William Cody, Rick Fischer on March 30, 2007, 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 112's 2006 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses. For instance, Secretary/Treasurer Rosdahl, Secretary Madden, Local Chairman Galvan, and Local Chairman Persaud all appear to have received between \$10 and \$40 every month in excess of their salary for what union disbursement records show, in at least a few instances, were for reimbursement for telephone expenses. However, adequate records were not retained to support those expense claims.

Adequate documentation was also not retained for some purchases of office supplies. For instance, check [REDACTED] was written to Dan Rosdahl for \$205. The ledger shows that \$40 of this check is attributable to office supplies but no receipt was found for this expense. As another example, check [REDACTED] was issued to Recording Secretary Micheal Madden for salary and expenses but the receipts retained for that check documents expenses that are less than the full amount of the check.

2. Lost Wage Claims

Local 112 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$800. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The audit found that Local 112 did keep lost time vouchers that included the date, the number of hours, and the wage, but did not identify the union business conducted that required lost wages be incurred.

Other Issues

You advised that Local 112 uses individual and master vouchers to document union expenses. You advised that the vouchers are supposed to be presented at meetings and

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signed by the president and recording secretary. The audit revealed that vouchers were not retained for some expenses, and that some vouchers were not signed by either the recording secretary or the president. In addition, some vouchers that were signed only included the total check amount and did not identify the expense(s) paid. OLMS recommends that vouchers be completed in their entirety, adequately identify the purpose of each disbursement, and be properly approved.

I want to extend my personal appreciation to Machinists Lodge 112 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: Rick Fischer
Lennard Stuhl