

U.S. Department of Labor
Pittsburgh District Office

Employment Standards Administration
Office of Labor-Management Standards
1000 Liberty Avenue, Room 801
Pittsburgh, PA 15222



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September 6, 2005

Scott Malley, Business Manager Financial Secretary-Treasurer
Iron Workers Local 3, AFL-CIO
2201 Liberty Avenue
Pittsburgh, PA 15222-4501

Re: 2

Dear Mr. Malley:

This office has recently completed an audit of the Iron Workers Local 3, AFL-CIO 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 on September 1, 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 CAP disclosed a violation of Title II, Section 206 of the LMRDA. Section 206 requires that records shall be maintained to provide in sufficient detail the necessary information from which the LM-2 reports may be verified, explained, and checked for accuracy and completeness. As a general rule, all records used or received in the course of union business must be retained and contain enough information to thoroughly and completely explain the transaction. At the exit interview, we discussed reimbursed expenses. Since the union utilizes an actual expense system (versus a per diem), receipts or invoices are required for all reimbursed expenses. Currently those officers and members performing union business receive a "per diem" for meals. At the conclusion of travel, officers and members are required to provide receipts to the union for expenses greater than \$25.00 and return any unused money. Section 206 does not provide for a \$25.00 minimum for maintaining receipts; receipts are required for all reimbursed expenses. Additionally those individuals turning in receipts must begin to provide detailed information either on the receipt or on an attached travel voucher. Restaurant receipts must provide the date, union purpose, and with whom the officer or member met.

In the area of union receipts, the union collects union dues by hand. Dues collected in the form of cash must be properly handled so that cash dues may be traced to deposits in the manner in which dues paid by check may be traced. In other words, total currency collected should equal the total currency deposited on any given day. In the past, the union cashed checks for members and staff as well as accepted checks for greater than the dues payment and gave the difference back to the member in cash. These practices, and other practices, resulted in the currency per the bank deposits being less than the currency received per duplicate dues receipts. We discussed at the exit interview the importance of depositing all currency received with each subsequent deposit. Additionally since the Quick Books program does not record individual dues receipts, the union's copies of the duplicate dues receipts serves as a daily record of incoming money. Therefore the duplicate dues receipts must be properly maintained, including any voided dues receipts. You agreed to immediately commence this practice.

In addition to the transcribed copies of meeting minutes, the union must retain the original hand-written meeting minutes. In the future, you agreed to obtain and maintain proper supporting documentation and records.

At the exit interview, we discussed record keeping and union practices. I suggested that the union utilize the excel spread sheet prepared by Bookkeeper Jennine Prince. This spreadsheet indicates the amounts in the target fund and in the general fund. This spreadsheet is essential since both funds are maintained in the union's general fund checking account.

I want to extend my personal appreciation for your and your office staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call me.

Sincerely,

FCCI

Investigator