

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760
Philadelphia, PA 19106
(215)861-4818 Fax: (215)861-4819



January 10, 2008

Ms. Kay Marsh, Treasurer
Stage & Picture Operators
Local 200
53 E. Lehigh Street
Bethlehem, PA 18020

LM File Number 060-037

Case Number: [REDACTED]

Dear Ms. Marsh:

This office has recently completed an audit of Stage & Picture Operators Local 200 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 Michael Kist and you on January 9, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires 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.

Other Issues

1. Duplicate Receipts

Members of Local 200 pay dues directly to the union. President Michael Kist, Treasurer Kay Marsh and Business Representative Eric Wills collect dues on behalf of the local. Treasurer Marsh records dues payments in the union's receipts journal, but the local does not issue receipts to dues payers. OLMS recommends that Local 200 use a duplicate receipt system where the union issues original pre-

numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Signing Blank Checks

During the audit, you advised that President Michael Kist signs blank checks. Your union requires that all checks be signed by the president and treasurer. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 200 review these procedures to improve internal control of union funds.

3. Fixed Asset Inventory

As I discussed during the exit interview with Michael Kist and you, the audit revealed that Local 200 does not maintain a fixed asset inventory. A fixed asset inventory should be maintained to identify each asset, the value of each asset and to document the purchase, sale or distribution of each asset. OLMS recommends that unions establish and maintain a fixed asset inventory to adequately account for all property that is purchased, sold or given away.

I want to extend my personal appreciation to Stage & Picture Operators Local 200 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: President Michael Kist