



May 3, 2016

Mr. Richard R. Ellis, Business Manager
Ironworkers Local Union 207
694 Bev Road
Youngstown, OH 44512

Case Number: 350-6006254
LM Number: 013371

Dear Mr. Ellis:

This office has recently completed an audit of Ironworkers Local Union 207 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 President Anthony Deley and Office Manager Margaret Janosik on December 21, 2015, 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 207's 2015 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 207 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

2. Voided Checks

During the opening interview, you stated Local 207 does not maintain voided checks. I did not see voided checks while conducting the audit. However, Local 207 documented checks as being voided in the general ledger. All voided checks should be maintained for the purpose of proper accounting.

3. Vacation Policy

During the audit, you stated the union does not maintain a record of vacation days taken during the fiscal year; it is based on a honor system. Article VI, Section 5 (C) – Vacation Policy indicates, “*Requests for vacation or reimbursement shall be made in writing to the Business Manager (cc: the Executive Committee and Trustees) a minimum of one (1) month prior to the vacation. Two (2) officers and/or employees of Local 207 being on vacation at the same time is discouraged. Conversely, it is encouraged that vacation time be staggered, especially in the case of the Officer Manager. Vacation may be taken on a daily basis. The Office Manager will track and record vacation time used.*” Local 207 must maintain a record of vacation time used as indicated in the bylaws.

As the local has agreed to maintain the above records in the future, no further action will be taken at this time regarding these violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-2 filed by Local 207 for the fiscal year ended June 30, 2015, was deficient in that:

1. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 207 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

On December 7, 2015 Local 207 provided a copy of its constitution and bylaws.

2. Disbursements to Officers

I examined entries recorded in Schedule 18 – *General Overhead*, Line Item 5. *All Other Disbursements* for fiscal year ending June 30, 2015. It was noted that this amount was documented as some of the union’s credit card payments for two officers, President Deley, Business Manager/Financial Secretary Ellis. You were informed that these amounts should be recorded in Schedule 11 – *All Officers and Disbursements to Officers*. Please refer to the enclosed Instructions for Form LM-2 Labor Organization Annual Report for clarification on this entry.

I suggested that the receipts attached to the credit card statements have a notation as to the vendor and the amount because some of the receipts were not legible. You also agreed to make these entries in QuickBooks next to each credit card charge.

Other Issues

Use of Signature Stamp

During the audit, you advised that it is Local 207’s practice to occasionally utilize a signature stamp for President Deley and Business Manager Ellis on union checks. Article XXVI of Ironworkers Constitution requires that 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, 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 Local 207 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Ironworkers Local Union 207 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

Enclosure

cc: Mr. Anthony Deley, President