



November 8, 2012

Mr. Keith Hughes, Business Manager/FST
Iron Workers Local 549
2350 Main Street
Wheeling, WV 26003

Case Number: [REDACTED]
LM Number: 032613

Dear Mr. Hughes:

This office has recently completed an audit of Iron Workers Local 549 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, Joyce Lyrio-Takis, and Jim Flanigan on November 1, 2012, 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 549's records for the fiscal year ended June 30, 2012 revealed the following recordkeeping violations:

1. Lost Wages

Local 549 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees for any lost time payments made during the fiscal year. 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 OLMS audit found that Local 549 did not retain any lost time records.

During the audit, you developed a new voucher system that will be used for all lost time claims. Every member who incurs lost time will need to complete the voucher with all of the above information in order to be paid.

2. Receipt Records

Local 549 did not maintain adequate records for receipts for sale of supplies, tickets purchased for the Unity Fund, and contributions made to the Christmas Fund. The dues, check-off payments, and death benefits were all properly recorded through the computerized receipts system. However, the payments to the Unity Fund, to the Club Fund for sale of supplies, and contributions to the Christmas Fund were not recorded at all. For all money received by Local 549, a record must be maintained of the payer, date, amount paid, and the purpose of the payment. This record must correspond to deposits made to the general fund or to the fund to which it was paid.

For sale of supplies the union must record in at least one record the date, purchaser, and amount received from each sale of union hats, shirts, gloves, and other items.

During the audit, you began using the computerized receipts program to record the receipts from sale of union supplies; the computerized receipts system now documents the total sale, date, amount, and payee. Local 549 is also using the computerized receipts system to document payments to the Unity Fund and the Christmas Fund. A duplicate of the sales receipt is provided to members making purchases or contributions. This satisfies your recordkeeping requirement for sale of supplies.

3. Backup Documentation

The union did not retain adequate documentation for a \$1,500 purchase from the Unity Fund for chicken purchased in June 2012.

4. 50/50 Raffle

Local 549 holds a 50/50 raffle at membership meetings, that the member who won the raffle was paid out of the cash collected, and that the union's proceeds from the raffle were not deposited but used to buy pizza for the next meeting. No records were maintained for the purchase of pizza and no records were maintained for the union's half

of the raffle proceeds. We discussed that the entire proceeds of the raffle should be deposited to the union's bank account and the winner paid by check. Purchases for refreshments can then be made by check or union credit card, and back up documentation maintained.

During our closing interview, you informed me that the raffle has been discontinued.

Based on your assurance that Local 549 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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. Local 549 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year.

Joyce Lyrio-Takis provided me a copy of Local 549's most recent bylaws during this compliance audit. You agreed any changes made in the future will be filed with the LM-2 report for that year.

Other Issues

Use of a Signature Stamp

During the audit, you advised that it was Local 549's practice to use signature stamps for your signature and Jim Flanigan's signature on union checks. You indicated that you and Jim reviewed the checks before stamping your signatures on them but used the stamps for convenience. The Local 549 bylaws require that checks be signed by two of the three signatories to the accounts. 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 signature stamps does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement.

During our opening interview for the audit, I advised you to reconsider the use of signature stamps and you destroyed both stamps.

Membership Meeting Minutes

Review of membership meeting minutes disclosed two issues. First, the minutes did not reflect that the executive board minutes were read and approved by the membership. This is important because the Local 549 executive board approves payments on behalf of the membership. Second, minutes of the nominations meeting, only the candidates for office were recorded. The members' who made and seconded the candidates' nominations were not

recorded in the minutes. Since nominations come from the floor and candidates are required to be nominated by one member and seconded by a different member, the nominators and seconds should be recorded in the minutes.

During the closing interview, you informed me that you will discuss the minutes with the recording secretary and make the above changes in the minutes in the future.

Election Records

While discussing the recent election of Local 549 officers, I pointed out that the LMRDA requires unions to maintain election records for a period of one year. While the LMRDA does not require how records are to be maintained, we discussed that the records could be placed in a box that is sealed with tape on the day of the election. The box and tape can then be signed by the election committee and the observers. This ensures the security of the election records.

I want to extend my personal appreciation to Iron Workers Local 549 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. Sam Yoho, President