



May 20, 2013

Mr. Rodney McNitt, Financial Secretary
Ironworkers, AFL-CIO
Local Union 612
3652 US Route 11
Pulaski, NY 13142

Case Number: 120-09255 [REDACTED]
LM Number: 001-795

Dear Mr. McNitt:

This office has recently completed an audit of Ironworkers Local 612 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 Robert Keller and you on May 9, 2013, 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 612's 2012 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 612 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$109. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 612 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, President Harry Ehrie was reimbursed lunch totaling \$39.02 in which no names or explanations was provided. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$675 during 2012. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Failure to Record Receipts and Dates

Local 612 did not record receipts in a receipts record, i.e. receipts journal. The union failed to record employer dues checkoff checks and any other receipts in a record showing the amount collected and deposited to the union's bank account, the source of the funds, and the date received. Union receipts records should be maintained and must include an adequate identification of all money the union receives, including the date and source of the funds.

In addition, the union only referred to the date reflected on the bank statement, the date the union deposited money, but not the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 612 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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-3) filed by Local 612 for the fiscal year ended June 30, 2012, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 612 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers).

The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. The union failed to report the names of the executive board officers as defined in the LM-3 Instructions. Additionally, the union must report all payments to officers for wages, including wages received for lost hours from the employer while conducting union business. The union failed to report all payments for wages next to the officers' names in Item 24 totaling at least \$1,650.

The union must report most direct disbursements to Local 1625 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Fees & Fines

Local 612 improperly reported receipts received for initiation fees and other fines. The union reported \$744 in Item 39 (Per Capita Tax). The amount collected was for initiation fees and reinstatement fees and should be reported in Item 40 (Fees, Fines, Assessments, and Work Permits).

3. 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 612 amended its constitution and bylaws in 2001, but did not file a copy with its LM report for that year.

Local 612 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 612 file an amended LM report for 2012 to correct the deficient items, but Local 612 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Signature on Checks

During the audit, you advised that it is Local 612's practice for you, as financial secretary, to sign all union checks solely. You indicated that no one but yourself reviews the checks before they are issued. 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 by one of the signatories. Having only one signature on checks does not attest to the authenticity of the completed check. OLMS recommends that Local 612 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Ironworkers Local 612 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. Robert Keller, President
Dermody, Burke, & Brown