



March 7, 2023

Mr. Jose J. Mendoza, Financial Secretary-Treasurer  
Ironworkers Local 846  
6220 Woodside Executive Court  
Aiken, SC 29803

Case Number: 410-6025414( )  
LM Number: 542855

Dear Mr. Mendoza:

This office has recently completed an audit of Ironworkers Local 846 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 Operations Manager Shawna Cebula, Office Manager Zindia Mendoza and Attorney [REDACTED] on December 19, 2022, 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.

#### Reporting 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 Iron Workers Local 846 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 846 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$90. Business Agents failed to retain and submit itemized receipts on two occasions. The business agent included the names and union purpose but failed to include the itemized receipts.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Meal Expenses

Local 846 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$300. 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 846 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, two officers charged a meal totaling \$90, with no union business purpose on the receipt and no itemized receipt attached. It is the policy of Local 846 that union officers are not entitled to charge meals on their union credit cards because they are already compensated at allowance rate of \$35 per day.

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.

Based on your assurance that Iron Workers Local 846 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-2 filed by Local 846 for the fiscal year ended June 30, 2022, was deficient in that it failed to list complete information concerning the forgery of six checks.

On advice of their accounting firm, Local 846 reported only one of the six checks that were submitted to their checking account. Although only the check reported was the only check which was processed by the bank, the audit found that the bank listed all six checks on subsequent bank statements. Five were listed on the February bank statement with the remaining check listed on the March bank statement.

The audit found that the issue of the forged checks has been resolved and there was no loss of union funds.

I am not requiring that Local 846 file an amended LM report for 2022 to correct the deficient items, but Local 846 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 846 has also agreed to file all future reports electronically.

Other Issues

Local 846 has undergone several structural changes not listed in its current bylaws on file with the Department of Labor. The local's officers have assured OLMS that when the new bylaws have been completed and approved, they will be uploaded to the OLMS website.

I want to extend my personal appreciation to Ironworkers Local 846 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,

[REDACTED]

Investigator

cc: [REDACTED], Attorney at law