



March 30, 2023

Mr. Keven Barber, Financial Secretary-Treasurer
Iron Workers, AFL-CIO LU 397

Case Number: 410-6023711()
LM Number: 046268

Dear Mr. Barber:

This office recently completed an audit of Iron Workers Local 397 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 on March 29, 2023, 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 Iron Workers Local Union 397 financial records revealed the following recordkeeping violations:

1. Disposition of Property

Local 397 did not maintain an inventory of t-shirts and sweatshirts it 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 (Other Assets) 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.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

2. General Reimbursed and Credit Card Expenses

Local 397 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$303.00. The President and Financial Secretary-Treasurer failed to retain and submit itemized receipts on at least two occasions. In addition, the Financial Secretary-Treasurer incurred a \$0.99 monthly charge for Apple.com and a \$16.11 monthly charge for Arlo Technologies (security cameras) that did not show a purpose or supporting receipt.

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.

Based on your assurance that Iron Workers Local 397 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 Iron Workers AFL-CIO Local 397 for the fiscal year ended June 30, 2022, was deficient in the following areas:

1. Subsidiary Organization

Item 11b (During the reporting period did your organization have a subsidiary organization as defined in Section X of these instructions?) was incorrectly answered, "No."

LM-2 report instructions provide an example of a subsidiary organization as a building corporation. A review of Iron Workers Local 397 financial records show it has a Building Corporation. As stated in the LM-2 instructions, a labor organization is required to report financial information for each of its subsidiary organizations using one of two methods. Iron Workers Local 397 did not report the financial information for its building corporation on its LM-2 report.

2. Rents

A review of Iron Workers LU 397's finances showed from July 23, 2021 to June 23, 2022, it received monthly rent payments totaling approximately \$7,998.93. However, Item 42 on the LM-2 report ending June 30, 2022, showed zero rent received.

I am not requiring that Iron Workers Local 397 file an amended LM report for 2022 to correct the deficient items, but Iron Workers Local 397 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Iron Workers Local 397 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. Travis Phelps, President