



April 18, 2011

Mr. Christopher Williams, Secretary-Treasurer  
Sheet Metal Workers Local 165  
6032 Birch Street  
Mission, KS 66205-3007

Case Number: [REDACTED]  
LM Number: 063111

Dear Mr. Williams:

This office has recently completed an audit of Sheet Metal Workers Local 165 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 April 15, 2011, 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 165's 2010 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 165 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes,

to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 165 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 165 for the fiscal year ended December 31, 2010, was deficient in the following area:

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 165 amended its constitution and bylaws in 1995, but did not file a copy with its LM report for that year.

Local 165 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 165 file an amended LM report for 2010 to correct the deficient item, but Local 165 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Sheet Metal Workers Local 165 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. Michael Watkins, President