

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Houston Resident Investigative Office  
2320 La Branch Street  
Room 1107  
Houston, TX 77004  
(713)718-3755 Fax: (713)718-3757



June 27,2008

Mr. Tim McGrath, Secretary Treasurer/Business Manager  
Sheet Metal Workers  
Local 67  
11 Burwood Lane  
San Antonio, TX 78216

LM File Number 005-599

Case Number: [REDACTED]

Dear Mr. McGrath:

This office has recently completed an audit of Sheet Metal Workers Local 67 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 and Attorney Heidi Widell on June 20,2008, 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 67 revealed the following recordkeeping violations:

1. Lost Wages

Local 67 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees. 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 67 retained the checks and check stubs, but did not maintain lost wage vouchers.

During the compliance audit, I provided a sample of an expense voucher Local 67 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Voided Duplicate Receipts

Local 67 did not retain duplicate voided receipts printed on printer paper. Members of Local 67 pay dues both directly to the union and through dues check off. Two differing receipts were issued for voided receipt numbers L090660450 through L090660521 and receipt numbers L090135123 and L090134903 per the dues transaction records. Only one duplicate receipt is maintained in the records for each of the corresponding receipt numbers. The transactions were voided due to a problem with printing. To save the receipts, the printing was completed on printer paper, the receipt number was reset and a second printing was completed. The second printing for receipt numbers L090135123 and L090134903 were also voided due to printing problems. The printing completed on printer paper was not maintained by the local. As previously noted above, labor organizations must retain original receipts.

### 3. Recording of Disbursements

The audit revealed that Local 67 did not accurately record the payee on 53 checks in its disbursement journal. The 53 checks were all payable to the same payee, a third party through whom payments were made to the listed payee. The payee on each check should agree with the information in the disbursement journal to sufficiently fulfill the recordkeeping requirements of LMRDA Section 206.

Based on your assurance that Local 67 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Violation

The audit disclosed the following other violation:

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 67's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

#### Other Issue

##### Disbursements Ledger

The audit revealed that not all transactions contain a stated purpose in the disbursements ledger. For example, payments to Zubie Wear for the purchase of caps and shirts did not have a purpose listed. OLMS recommends that Local 67 review these procedures as a means of verifying the purpose and legitimacy of check transactions.

I want to extend my personal appreciation to Sheet Metal Workers Local 67 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.

Mr. Tim McGrath  
June 27, 2008  
Page 4 of 4

Sincerely,

[REDACTED]

Investigator

cc: Michael C. Kramm, President