

**U.S. Department of Labor**

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August 28,2008

Mr. Daniel Slavin, Financial Secretary-Treasurer  
Iron Workers AFL-CIO  
Local 787  
303 Erickson Blvd.  
Parkersburg, WV 26101

LM File Number 010-636

Case Number: [REDACTED]

Dear Mr. Slavin:

This office has recently completed an audit of Iron Workers Local 787 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, President Brian Winans, and Business Manager Steve Chancey on August 25,2008, 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 787's 2007-2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 787 did not retain adequate documentation for some reimbursed expenses and credit card expenses incurred by their officers.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers detailing the nature of union business 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. Receipt Dates not Recorded

Entries in Local 787's receipts journal for the Merchandise Fund reflect the date the union deposited money, but not the date money was received. Union receipts records must show 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-2. The LM-2 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 787 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(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 787 amended its constitution and bylaws in 2003, but did not file a copy with its LM report for that year. Local 787 has now filed a copy of its constitution and bylaws.

### Other Issues

#### 1. Vacation Policy

As I discussed during the exit interview, the audit revealed that Local 787 does not have a vacation policy in effect for their full time officers. Local 787 should adopt specific written guideline concerning vacations to include, at a minimum, the amount of vacations days earned per year. Local 787 should also establish a recordkeeping system to track the number of vacation days taken.

#### 2. Duplicate Receipts

Local 787 does not issue receipts for members who pay working permit fees, or those who purchase tool and supplies. OLMS recommends that Local 787 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

#### 3. Signing Blank Checks

During the audit, you advised that former President \_\_\_\_\_ and former Recording Secretary \_\_\_\_\_ signed blank checks. The three signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check,

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and negates the purpose of the three signature requirement. OLMS recommends that Local 787 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Iron Workers Local 787 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]

Senior Criminal Investigator

cc: Brad Winans, President  
Steve Chancey, Business Manager