

**U.S. Department of Labor**

Employment Standards Administration  
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February 27, 2009

Mr. David Beard, Financial Secretary-Treasurer  
Iron Workers  
Local 392  
2995 Kingshighway  
East St. Louis, IL 62201-2436

LM File Number 013-900  
Case Number: [REDACTED]

Dear Mr. Beard:

This office has recently completed an audit of Iron Workers Local 392 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 February 26, 2009, 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 392's records for the fiscal year ending June 30, 2008 revealed the following recordkeeping violations:

1. Back-up Documentation

Local 392 did not retain adequate documentation for general disbursements, reimbursed expenses, and credit card expenses incurred by you and President Bill Leonard. For example, the local had no back-up documentation for the credit card charges made during the fiscal year. You explained the box containing these records was missing from the union hall, but agreed to maintain these records and all back-up documentation in the future.

As previously 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. Lack of Salary Authorization

Local 392 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 were the authorized amounts and therefore were 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. It was recommended the local include the salaries of all officers and the office secretary in the meeting minutes prior to the next regularly scheduled election in April 2009.

Based on your assurance that Local 392 will retain adequate documentation in the future, the Office of Labor-Management Standards (OLMS) will take no further enforcement action at this time regarding the above violations.

#### Reporting Violation

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 392 for fiscal year ending June 30, 2008 was deficient in that:

##### Disbursements to Employees

Local 392 did not include a payment to Office Secretary Jeanette Fray for a Christmas bonus totaling \$500 in Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 392 file an amended LM report for fiscal year ending June 30, 2008 to correct the deficient items, but Local 392 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issue

##### Personal Use of Credit Cards

The audit revealed that Local 392 permits officers to use union credit cards to pay for personal expenses. Although officers promptly repaid Local 392 for the personal

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expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Iron Workers Local 392 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator