



April 29, 2010

Mr. William Blankenship, Treasurer
Sheet Metal Workers Local 268
2701 N. 89th Street
Caseyville, IL 62232

Case Number: [REDACTED]
LM Number: 013656

Dear Mr. Blankenship:

This office has recently completed an audit of Sheet Metal Workers Local 268 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 October 4, 2010, 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 Violation

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 268's 2009 records revealed the following recordkeeping violations:

Lack of Salary Authorization

Local 268 did not maintain records to verify that the salaries reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2 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 268 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:

Inadequate Bonding

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.

Local 268's officers and employees are currently bonded for \$170,000, but they must be bonded for at least \$202,150. Local 268 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than November 30, 2010.

Other Issues

1. Personal use of Credit Cards

The local does not authorize the use of its credit cards for personal use. The audit revealed that Local 268 Business Manager Richard C. Rohr inadvertently made two personal charges on the union's credit card. Although he promptly repaid Local 268 for the personal expenses charged, OLMS recommends union personnel adhere to the policies of the local regarding personal charges.

2. Use of Signature Stamp

During the audit, William Blankenship advised that it is Local 268's practice for him to stamp his signature on union checks. Business Manager Richard C. Rohr reviews and signs the checks before they are issued. The two 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 268 review these procedures to improve internal control of union funds.

Mr. William Blankenship

April 29, 2010

Page 3 of 3

I want to extend my personal appreciation to Sheet Metal Workers Local 268 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