



October 27, 2015

Mr. Kerry Zettlemoyer, Business Manager  
Iron Workers Local 404  
981 N. Peiffers Lane  
Harrisburg, PA 17109

Case Number: 140-6005712( )  
LM Number: 024448

Dear Mr. Zettlemoyer:

This office has recently completed an audit of Iron Workers Local 404 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 September 15, 2015, 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 404's 2014 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 404 did not retain adequate documentation for credit card expenses incurred by Business Manager Kerry Zettlemoyer and President George Zalar totaling at least \$1,500.

For example, receipts were not retained for all gas purchases made for the union vehicles driven by Mr. Zettlemyer and Mr. Zalar.

As 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. Meal Expenses

Local 404 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,500. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 404 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, out of twenty-three meals were charged to the union's credit card, appropriate backup documentation was retained for only two meal charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 404 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Other Issues

#### 1. Credit Card Usage Policy

As I discussed during the exit interview with you, the audit revealed that Local 404 does not have a clear policy regarding the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters. During the exit interview, I provided a compliance tip sheet, *Union Credit Card Policy*, which may be used to help the local draft a policy.

#### 2. Leave Policy

As I discussed during the exit interview with you, the audit revealed that Local 404 does not have a clear policy regarding vacation and sick leave usage by full-time officers and employees. OLMS recommends that unions adopt written guidelines concerning such

matters. During the exit interview, I provided a compliance tip sheet, *Authorization of Salary and Paid Leave for Union Officials*, which may be used to help the local draft a policy.

3. Signing Blank Checks

During the audit, you advised that you occasionally sign blank checks. During the opening interview, you stated that all checks are required to be signed by the president, business manager/financial secretary, and recording secretary. The multi-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, and negates the purpose of the multi-signature requirement. OLMS recommends that Local 404 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Iron Workers Local 404 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. George Zalar, President