

**U.S. Department of Labor**

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December 20, 2007

Mr. Rick Cluckey, Union Administrator  
Iron Workers Local Union 522  
1579 Summit Road, Room 123  
Cincinnati, OH 45237

LM File Number: 033-264

Case Number: [REDACTED]

Dear Mr. Cluckey:

This office has recently completed an audit of Iron Workers Local Union 522 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 Investigator [REDACTED] discussed during the exit interview with you on July 31, 2007, 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 522's 2006 records revealed the following recordkeeping violations:

1. General Records

Local 522 failed to maintain records that support the general course of union business. Local 522 maintained no W-2 forms for Office Manager Doris Stricker. The union also disposed of at least three voided checks during the audit year.

2. General Expenses

Local 522 did not retain adequate documentation for expenses incurred by the union. Specifically, Local 522 did not maintain a Staples transaction receipt to support a \$49.42 purchase recorded in the union books. Local 522's records also lacked supporting documentation for a \$485.00 check made payable to employer FKI and was missing invoices for disbursements to Ford-Ellington Florist, UCS subscription magazine, and Wells Fargo.

Local 522 wrote check 9492 to cash in the amount of \$100 for postage. However, the receipts maintained for this check did not add up to \$100. OLMS does not require unions to refrain from writing checks to cash. However, under the LMRDA a record is required to provide sufficient detail for any union monies negotiated for the general course of union business.

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.

3. Failure to Record Receipts

Local 522 did not record in its receipts records interest earned from its premium business checking account totaling \$16.64. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Failure to Record Disbursements

Local 522 failed to record in its disbursements journal an electronic bank withdrawal for a Harland Check order totaling \$62.62. Union disbursement records must include adequate supporting documentation for all purchases made with union money. Any documentation provided should show the date, items purchased, total cost, and the reason for the purchase.

5. Disposition of Property

Local 522 did not maintain an inventory of t-shirts and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the Form LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union t-shirts and/or other items.

Based on your assurance that Local 522 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(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 522 for fiscal year ending June 30, 2006, was deficient in the following areas:

1. Disbursements to Employees

Local 522 did not include \$712.17 in bonus and reimbursement checks to Office Manager Doris Stricker in Schedule 12 (Disbursements to Employees). The union may have reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedule 12 (Disbursements for Official Business) direct disbursements to employees for reimbursement of expenses they

incurred while conducting union business. In addition, the union must report in Column F of Schedule 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 Schedule 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Union Employees Misreported as Officers in Schedule 11

Based on the information you provided to Investigator [REDACTED] Local 522 incorrectly reported individuals as officers in Schedule 11 (All Officers and Disbursement to Officers). As these members received lost time payments, they should have been reported as employees in Schedule 12 (Disbursements to Employees). Further, as each received less than \$10,000, payments to these members should have been reported in Line 6 (Totals received by all other Employees making \$10,000.00 or less) of Schedule 12.

Any member, who is not an officer, and who receives lost time from a union is considered an employee and must be reported on the LM-report as an employee. The person will only be listed by name in Schedule 12 if they received more than \$10,000.00 from the union during the fiscal year.

Local 522 incorrectly reported the amount of \$25,099.00 on Line 10 (Net Disbursements) on Schedule 12 since the local failed to report any deductions for taxes withheld on Line 9 (Less Deductions). The amount also should reflect the lost time payments made to employees that were incorrectly reported in Schedule 11 (All Officers and Disbursements to Officers).

3. Initiation Fees

Local 522 failed to report a \$125.00 initiation fee collected during the audit year. This amount should have been entered in Item 21d (Initiation Fees). The union must identify all fees collected during the fiscal year and accurately report them on the LM- 3 report.

4. Failure to File Bylaws

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 522 amended its constitution and bylaws but did not file a copy with its LM report for that year.

Local 522 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 522 file an amended LM report for 2006 to correct the deficient items, but Local 522 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Inventory of Fixed Assets

Local 522 did not maintain an inventory of its fixed assets during the 2006 audit year. I agree with Investigator [REDACTED] recommendation that Local 522 keep an inventory to verify, support, and clarify the amounts reported in Item 27 (Fixed Assets) of the LM-2. The union should report details of all fixed assets, such as land, buildings, automobiles, office furniture and equipment owned by your organization at the end of the reporting period. This includes assets that were expensed, fully depreciated, or carried on your organization's books at scrap value.

The inventory kept by the union should record a detailed description of what was purchased, the date of the purchase, the amount of the purchase and the depreciated value. The report should be kept with the union records.

2. Signing Blank Checks

During the audit, you advised OLMS that you sometimes sign blank checks. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of having someone other than the person writing out the check, sign the check. OLMS recommends that Local 522 review these procedures to improve internal control of union funds.

Mr. Rick Cluckey  
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I want to extend my personal appreciation to Iron Workers Local Union 522 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,

Lesta Chandler  
District Director