

U.S. Department of Labor

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August 24, 2007

Mr. David Lersch, President
United Electrical Workers
Local Union 610
APICS Building, 325 Commerce Street
Wilmerding, PA 15148

LM File Number 016-942

Case Number: [REDACTED]

Dear Mr. Lersch:

This office has recently completed an audit of United Electrical Workers (UE) Local Union 610, 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, JoAnne Caporoso, Bookkeeper, Robert Krusta, Chief Steward, John Marcin, Business Agent, Ron Safran, Vice President and Robert Love, Recording Secretary, on August 22, 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 610's 2006 records revealed the following recordkeeping violations:

1. Lost Wages

Local 610 did not retain adequate documentation for lost wage reimbursement payments to union officers on at least 9 instances. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 610 maintained lost wage vouchers but did not always identify the union business conducted or the applicable rate of pay. The local must also clearly define its policy for lost wage reimbursement in its bylaws or meeting minutes.

2. Disposition of Property

Local 610 did not maintain an inventory of hats, jackets, 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 30 (Other Assets) of the LM-3. 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 30.

The union must record in its receipt records the date and amount received from each sale of union hats, jackets and other items.

3. Lack of Salary Authorization

Local 610 did not maintain records to verify that the salaries reported in Item 46 (Cash Disbursements to Employees) of the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting

minutes, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 610 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

The audit disclosed the following other issue:

1. Use of Signature Stamp

During the audit, John Burkey advised that it is Local 610's practice for signature stamps to be used. Local 610 requires two signatures on their checks; however, based on the officers varying work schedules, both signatures are often stamped on the checks. 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 does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 610 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UE Local Union 610 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: David Lersch, President
Kena Diggans, National Auditor