



September 30, 2011

Mr. Paul Sacco, Financial Secretary
Sheet Metal Workers, AFL-CIO, Local 139
[REDACTED]
Hyde Park, MA 02136

Case Number: [REDACTED]
LM Number: 050896

Dear Mr. Sacco:

This office has recently completed an audit of Sheet Metal Workers AFL-CIO Local 139 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 29, 2011, 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 139's 2010 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

Article 10 Section 14 of the Sheet Metal Workers International Association and Affiliated Local Unions Constitution and Ritual states that: no bills or obligations shall be paid from the funds of local unions except by vote of the membership” However, there are no

meeting minutes that contain any reference to authorization for check 2130 in the amount of \$100 to Stop and Shop for "Pete's Retirement Gift." Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Local 139 did not maintain records to verify that the allowances reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary and allowances authorized by the entity or individual in the union with the authority to establish salaries.

3. Failure to Maintain Records:

During the audit, Mr. Sacco advised OLMS that he was unaware of the LMRDA Section 206 requirement to maintain union records for five years and that he had discarded some of Local 139's 2007 and 2006 financial records including bank statements and check copies. Section 206 of the LMRDA requires that basic information and data from which the documents filed with the Secretary may be verified be maintained and made available for examination for a period of not less than five years after filing of the documents.

Based on your assurance that Local 139 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 LM-3 filed by Local 139 for the fiscal year ended September 30, 2011, was deficient in the following area:

1. Inflated Disbursement and Receipts Reporting

Local 139 did not properly report disbursements and receipts in that the local reported dues payments received by Sheet Metal Workers International in item 38 and then reported amounts retained by the international and district council as per capita payments in item 47. The instructions for item 38 state "If an intermediate or parent body receives dues check off directly from an employer on behalf of your organization, do not report in Item 38 the portion retained by that organization for per capita tax or other purposes."

I am not requiring that Local 139 file an amended LM report for 2010 to correct the deficient items, but Local 139 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Lost Wages

During the audit, officers of Local 139 advised OLMS that the local does not retain adequate documentation for lost wage reimbursement payments. While the OLMS audit found that Local 139 did not issue any lost time payments during the audit year, 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.

I want to extend my personal appreciation to Sheet Metal Workers, AFL-CIO, Local 139 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. Dan Chapin, Local Chairman