



September 18, 2014

Mr. James Watt
Financial Secretary Treasurer/Business Manager
Iron Workers Local 67
1501 E Aurora Ave
Des Moines, IA 50313

Case Number: 510-5511525()
LM Number: 037012

Dear Mr. Watt:

This office has recently completed an audit of Iron Workers Local 67 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 and Bookkeeper Jill Moland on September 12, 2014, 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 67's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 67 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers at Caseys in the amount of \$70.40; Splash Point Car Wash in the amounts of \$8.00 and \$7.00 and Pints Pub & Patio in the amount of \$13.00.

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 67 records of meal expenses did not always include itemized receipts or written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. The union must maintain itemized receipts provided by restaurants and include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. 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.

3. Disposition of Property

Local 67 did not maintain an inventory of tools, 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 28 of the 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 hats, jackets and other items.

4. Lack of Salary Authorization

Local 67 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) 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 67 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 67 for the fiscal year ended June 30, 2013, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 67 did not include business expenses the union personnel incurred on the local's credit card totaling at least \$39,318.26 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 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 Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Automobile Expenses

Local 67 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of union automobiles totaling at least \$14,500.08.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be

reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

I am not requiring that Local 67 file an amended LM report for 2013 to correct the deficient items, but Local 67 has agreed to properly report the deficient items on all future reports it files with OLMS.

3. 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 67 amended Article VI, Paragraphs (A), (B), (C) and (I) of its bylaws in 1999, but did not file a copy of the changes with OLMS.

You stated that Local 67 is currently in the process of incorporating the above-listed amendments along with other changes into its bylaws. As agreed, Local 67 will file a copy of its constitution and bylaws with OLMS as soon as the updates are complete but not later than with its LM report for fiscal year ended June 30, 2015.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you and Moland, the audit revealed that Local 67 does not have a clear policy regarding the types of expenses that are authorized or the authorization and approval process for union disbursements. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Use of Signature Stamp

During the audit, you advised that Local 67 requires that checks be signed by the president and treasurer, but signature stamps are used if you or President/Assistant Business Agent Rich Griglione are not available to sign in person. 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 67 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Iron Workers Local 67 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. Richard Griglione, President