



September 8, 2017

Mr. David Watkins, Financial Secretary
USW Local 760
11401 N Congress Ave
Kansas City, MO 64153

Case Number: 510-6010487 [REDACTED]
LM Number: 541365

Dear Mr. Watkins:

This office has recently completed an audit of USW Local 760 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 President Brett Farr on June 28, 2017, 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 760's 2016 records revealed the following recordkeeping violations:

1. Dues Reports

Local 760 receives all their dues and initiation fees in the form of employer dues check-off which is remitted to them electronically on a monthly basis from the International. The local recorded in its receipts records the monthly dues check-off deposits but did not retain

all of the monthly dues reports from the International during 2016. The union must retain the monthly dues check-off reports to verify, clarify, and explain the information that must be reported in Item 38 (Dues) of the LM-3.

2. Donation Expenses

Local 760 did not retain adequate documentation for donation expenses totaling at least \$800. For example, the union did not retain receipts for check # [REDACTED] payable to March of Dimes in the amount of \$300 and check # [REDACTED] payable to [REDACTED] Benefit Auction in the amount of \$500.

As noted above, labor organizations must obtain adequate backup records such as receipts and vouchers from parties with whom the union engages in financial transactions. 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. Lost Wages

Local 760 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,777.15. 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 760 retained lost time vouchers but did not always include the union business conducted.

Based on your assurance that Local 760 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Signing Blank Checks

During the audit, you advised that Farr, although rare, has signed blank checks. Your union's bylaws require that the president countersign all checks issued by the Treasurer. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 760 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to USW Local 760 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator