

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
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July 21, 2005

Scott Gleichner
Security Police, Fire Prof. IND
LU 558
3109 41st ST
Two Rivers, WI 542441-1204

Re: *Subcontractor*

Dear Mr. Gleichner:

This office has recently completed an audit of LU 558 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 Scott Gleichner on July 20, 2005, 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.

Record Keeping Violations:

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 558's 2004 records:

1. Local 558 failed to retain an inventory of jackets, which were purchased and given away. Records must be retained which account for all union property. In the case of union hats, jackets and other items sold to members, the date and amount received from every sale must be recorded in at least one record.
2. Checks which were voided and not issued were not retained.

As agreed, provided that Local 558 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violation:

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by SPFPA for fiscal year ending March 31, 2004 was deficient in the following areas in that Item 13 (Acquire any goods or property in any manner other than by purchase or dispose of any goods or property in any manner other than by sale) should have been answered "Yes" instead of "No", because the union gave jackets totaling more than \$744.83 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report with the identity of the recipient(s) or donor of such property. In addition, for assets that were traded in, the cost, book value, and trade-in allowance must also be reported. Mr. Gleichner understands that if his union gives away merchandise, Item 13 of the LM-3 must be marked "yes."

Other

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made.

Internal Controls

Considering Local 558 does handle some cash, one method of strengthening the local's financial safeguards is to issue a written receipt for money paid to the local, whether by cash or by check, especially for initiation fees, and to maintain a duplicate of the receipt in Local 558's records. Itemized, pre-numbered duplicate receipt books are widely available at nominal cost, and, when used properly, can be a complete record of each individual receipt amount. Our office is certainly available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

I am not requiring that Local 558 file an amended LM-3 report for 2004 to correct the deficient item, but as agreed, your union will properly complete all future reports filed with OLMS.

I want to extend my personal appreciation for your cooperation, patience, and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

Scott Gleichner
July 21, 2005
Page 3 of 3

g(c)
Investigator

cc: 2