



October 19, 2005

Mr. Bruce Range, Business Manager/President
Sheet Metal Workers Local 202
300 South Grand, Room 228
St. Louis, Missouri 63103-2430

Dear Mr. Range:

This office has recently completed an audit of Sheet Metal Workers Local 202 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 Mr. Range on October 5, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements for labor organizations. 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.

The CAP revealed that the union failed to retain adequate documentation for one disbursement. Specifically, backup documentation for ⁴ on January 22, 2004, for \$535, was not located.

The audit also disclosed that Local 202 does not maintain supporting documentation to verify lost time claims by the union officers. To be in compliance with the LMRDA, the union officers should submit a signed record that identified the officer, date, number of hours lost, rate of pay, and business purpose (reason) for lost wages. Your voucher did not include the reason for lost wages payment. Please ensure your officers are submitting signed vouchers which include all of the aforementioned information, including the reason for lost time payment.

As explained above, each disbursement must have some form of documentary backup to establish the union related purpose and actual amount of expenses. Examples of documentation includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information.

You are also encouraged to maintain a ledger which documents all incoming receipts and expenditures. You advised that you began to track receipts in 2005 when you transitioned to a computer software accounting system. Please ensure you received all petty cash receipts and disbursements.

As agreed, provided that Local 202 maintains adequate documentation for its disbursements in the future and makes changes to its recordkeeping procedures so that petty cash and other items are properly recorded, no additional action will be taken.

Local 202's 2004 LM-2 financial report was determined to be deficient since your local did not report the operating and maintenance costs of the union-owned automobile under Schedule 9 – All Officers and Disbursements to Officers. If a union officer has the use of an automobile owned by the union, the cost borne by the union to operate the vehicle is considered a disbursement to the officer. In addition, payments made directly to an officer for reimbursement of expenses must be reported in Schedule 9.

You agreed to ensure that your 2005 LM-2 report reflects the operating and maintenance cost of your union-owned automobile and reimbursed expenses in the appropriate officer disbursement schedule. Based upon your promise to properly report these expenses on the 2005 LM-2 report, this matter is considered resolved.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

Dennis L. Eckert
District Director

By:

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Investigator

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