



February 15, 2011

Mr. Wayne DuPont, Business Manager
Iron Workers AFL-CIO Local 501
15 Winter Street
Burlington, MA 01803

Case Number: [REDACTED]
LM Number: 026950

Dear Mr. DuPont:

This office has recently completed an audit of Iron Workers AFL-CIO Local 501 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 February 11, 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 501's 2010 records revealed the following recordkeeping violations:

1. Lost Wages

Local 501 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$983.96. 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 501 retained records that indicate the number of hours and the date that lost time was incurred, but that a sufficient description of the union business conducted and the hourly wage reimbursed was not included with those records.

During the exit interview, I provided a sample of an expense voucher Local 501 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Information not Recorded in Meeting Minutes

During the audit, you informed OLMS that the executive board reviews officer expenses at meetings. Article VIII § B of Local 501's By-Laws requires that "all lost time wages and an automobile expense of \$.33 per mile shall be allowed for officers and members while conducting Union business and upon approval by the Executive Committee." However; Local 501's meeting minutes do not contain any reference to authorizations for lost time and travel payments made to union officers as they occurred throughout the audit year. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 501 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-3 filed by Local 501 for the fiscal year ended June 30, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 501 did not include some reimbursements to officers totaling at least \$2,521.63 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 501 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer

traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Disbursements to Members Categorized Incorrectly

Local 501 incorrectly reported \$8,000 that it disbursed for member death benefits in Item 54 (Other Disbursements) on its LM-3 form. These disbursements should be categorized in Item 50 (Benefits).

3. Receipts Categorized Incorrectly

Local 501 incorrectly categorized \$8,000 that it received from Iron Workers International for death benefits to be paid to deceased members in Item 38 (Member Dues Payments) on its LM-3 form. These receipts should be categorized as Item 43 (Other Receipts)

4. Item 19 Not Answered

Local 501 did not answer Item 19 (Number of Union Members) on its LM-3 Form.

5. Item 20 Not Answered

Local 501 did not answer Item 20 (Maximum Amount Recoverable Under Your Organizations Fidelity Bond) on its LM-3 Form.

6. Disbursement Items Left Blank.

Local 501 left Item 54 (Other Disbursements) and Item 55 (Total Disbursements) blank on its LM-3 form. A note saying "see attached" appears in Item 54 (Other Disbursements). It appears that other disbursements were itemized in Item 56 (Additional Information), but the total of the itemized other disbursements was not indicated on Item 54.

Local 501 must file an amended Form LM-3 for the fiscal year ended June 30, 2010, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than March 4, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Use of Signature Stamp

During the audit, you advised that it is your practice to stamp your signature on union checks. OLMS recommends that Local 501 refrain from this procedure to improve the internal control of union funds.

2. IRS Reporting Requirements

It appears that Local 501 has not met its IRS reporting requirements in that no W-2 or 1099 forms were issued reporting salary payments made to Wayne DuPont and David Mortimer during tax year 2009.

I want to extend my personal appreciation to Iron Workers AFL-CIO Local 501 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. Glenn Gyrisco, President