



April 20, 2006

Mr. Joseph Hunt
General President
International Association of Bridge, Structural,
Ornamental and Reinforcing Iron Workers, AFL-CIO
1750 New York Ave., NW
Washington, DC 20006

Dear Mr. Hunt:

On March 24, 2006, the staff of the International Compliance Audit Program (I-CAP), Office of Labor Management Standards (OLMS), discussed with representatives of the International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers (Iron Workers or IU) progress in resolving deficiencies identified in the compliance audit that OLMS had conducted last year. The audit and this follow-up review were conducted pursuant to the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA). This meeting was conducted with Mr. Walter Wise, Iron Workers General Treasurer and Ms. Gaye Schmidt, Controller. The purpose of the meeting was to review the amended Form LM-2 report submitted by the IU for fiscal year 2004 and the current Form LM-2 for fiscal year 2005 along with your letter of October 26, 2005 which describes actions the Iron Workers has taken in response to the findings of the audit. The deficiencies identified during the initial audit which were conveyed to the union in an audit closing letter dated September 29, 2005, are summarized below, along with an assessment of the IU's progress to correct these deficiencies. Neither the initial audit, nor subsequent follow-up reviews purport to be an exhaustive list of all possible problem areas since the compliance audit is limited in scope. The numbered items below correspond to the numbered items in the audit closing letter of September 29, 2005.

Reporting Deficiencies - LMRDA Section 201

1. Entries for Canadian transactions had not been converted to U.S. dollars before the totals were entered on Statement A, Assets and Liabilities, and Statement B, Receipts and Disbursements, of the FY 2004 Form LM-2. The amended FY 2004 Form LM-2 and the FY 2005 Form LM-2 properly converted the Canadian transactions.

- 2./3. The FY 2005 Form LM-2 included sufficient descriptions or additional information as requested in the I-CAP closing letter. For example, there was additional information reflected to sufficiently identify disbursements for Capital Contribution to UUI and Equity in UUI that was not included in the Form LM-2 for the audit period.
4. The amended FY 2004 Form LM-2 appropriately reflected inventory for Merchandise and Training Materials in Statement A, Assets and Liabilities, and Schedule 3, Other Assets. However, office supply inventory was not included on the FY 2005 Form LM-2 filing. All assets are to be reported on the Form LM-2, including unused office supplies. The IU is requested to submit an amended FY 2005 Form LM-2 to include the supply inventory.
5. The FY 2005 Form LM-2 accurately identifies the sale of supplies, as required in the closing letter.
6. The IU agreed to periodically review outstanding checks as requested in the I-CAP closing letter, and provided documentation to the I-CAP team demonstrating that outstanding checks were reviewed at the end of calendar year 2005 and will continue to be reviewed at the end of each calendar year.
7. As required, the IU agreed to provide to OLMS the amendments to the Iron Worker constitution that have been implemented, even if not ratified. However, based on a review of general executive council meeting minutes, no additional amendments have been implemented since the audit was completed.

Inadequate Recordkeeping-LMRDA Section 206

8. As recommended in the I-CAP closing letter, the IU agreed to recommend that their executive council adopt an "all receipts, all the time" policy. This policy was adopted by the general executive council and reimbursed expenses sampled by the I-CAP team included retained receipts. As part of the policy implemented by the IU, if a receipt is not reasonably available (such as a tip to a bell hop), a contemporaneous notation will be made and presented with the expense report to explain the omission.
9. The I-CAP team reviewed five months of mileage logs and found all necessary documentation except the number of miles driven. To verify mileage, information must be included on the mileage log for each business trip indicating the number of miles driven with a beginning and ending odometer reading or the beginning and ending address.

Internal Financial Controls

- 10./11. In a five month sample of transactions, the IU provided written supporting documentation that the general treasurer and the controller now review bank reconciliations and bank statements as recommended. Although most adjusting journal entries are initiated by the controller, there is no evidence on the transaction records. To better safeguard union funds, evidence of approvals for adjusting journal entries should be noted on transaction records and large or unusual entries should be referred to the general treasurer for approval.
12. The I-CAP closing letter recommended two original signatures for endorsing disbursement transactions to better safeguard union funds. A sample of two months of transactions, however, showed only one original officer signature and one officer signature stamp.
13. Classifications for transactions were reviewed in several sampled items during our follow-up and no deficiencies were noted in the sampled items. The I-CAP team also noted the general treasurer is approving disbursements prior to checks being printed.
14. Procedures for the petty cash fund were reviewed in a two month sample of transactions. In this sample, the replenishment checks were properly made payable to the petty cash custodian instead of "cash." Receipts are now being issued and replenishments are being approved although supporting documentation along with the receipts was not presented for replenishment. The lack of providing supporting documentation at the time of replenishment could result in the petty cash transactions not being reflected on the Form LM-2 in FY 2006. All disbursement transactions are required to be included on the Form LM-2. The I-CAP team recommends the IU provide additional training to the custodian of the petty cash fund focusing on submitting supporting documentation for replenishments to petty cash.
15. Based on a review of a sample of receipt transactions, the IU segregated receipt duties on the sample transactions as recommended in the I-CAP closing letter. However, to better safeguard union funds a staff member should be assigned to reconcile the receipts log to deposited amounts on a regular basis to ensure that all received monies are being deposited.
16. The Iron Workers have now integrated the two separate ledgers into the automated general ledger system, as recommended in the closing letter.

If we can be of further assistance in the future please do not hesitate to contact us. Thank you again for the cooperation and courtesy extended by you and your staff during this compliance audit.

Sincerely,

Kelley Andrews for

Kim R. Marzewski, Chief
Division of International Union Audits