

Sheet Metal Workers National Pension Fund

Procedures for the Collection of Contributions

INTRODUCTION

The Board of Trustees (the “Trustees”) of the Sheet Metal Workers’ National Pension Fund (“Pension Fund”) has a fiduciary obligation to collect all money that is due and owing to the Sheet Metal Workers’ National Benefit Funds (the “Benefit Funds”) per the terms of Administrative Services Agreements between the Pension Fund and Benefit Funds. That obligation requires that they establish a system for monitoring employers’ compliance with their obligations to make contributions to the Funds and under which the Funds’ administrators and legal counsel will take all legally appropriate and cost-effective steps to collect delinquent contributions, so that they may be applied for the benefit of the Funds’ participants.

In addition, ERISA defines as a “prohibited transaction” any extension of credit from an employee benefit plan to a contributing employer. A failure to collect contributions when they are due may be treated as such an extension of credit from the plan to the employer. In 1976 the Department of Labor (DOL) issued guidance, in the form of a class exemption from the prohibited transaction rules, which permits reasonable business decisions to be made on unpaid contributions. That guidance is Prohibited Transaction Class Exemption 76-1 (“PTCE 76-1”).

The fundamental principles of PTCE 76-1 are the following:

1. Any compromise of a claim for unpaid contributions, or any arrangement permitting payment later than the normal due date, must be made for the “exclusive purpose of facilitating the collection of such contribution” (and not, for example, to ease the employer’s cash-flow problems).
2. Any such compromise or arrangement and any decision to write off a claim for unpaid contributions as uncollectible must be “reasonable under the circumstances based on the likelihood of collecting such contribution or the approximate expenses that would be incurred” if the plan persisted in trying to collect the contribution by other means.
3. All such compromises, arrangements, or write-offs must be preceded by “such reasonable, diligent and systematic efforts as are appropriate under the circumstances to collect such contribution or any part thereof.”

On December 30, 2003, the DOL issued a prohibited transaction class exemption that applies to settlements of claims against contributing employers for failure to forward participants’ deferred wages to 401(k) plans within the required time periods. PTCE 2003-39 (Dec.30, 2003). This PTCE requires that any release or reduction of such a claim for contributions, or any extension of credit permitting payment of such delinquent contributions in installments:

1. Must be based on the plan attorney's determination that there is a genuine controversy involving the plan;
2. Must be authorized on behalf of the plan by a "fiduciary who has no relationship to, or interest in, any of the parties involved in the litigation, other than the plan, that might affect the exercise of such person's best judgment as a fiduciary";
3. Must be described in a written agreement or consent decree;
4. Must not be part of an arrangement that is designed to benefit a party in interest (i.e., either a contributing employer or the union);
5. Must be reasonable in light of the plan's likelihood of full recovery, the costs and risks of litigation, and the value of the claims forgone;
6. If it provides for any installment payments or delayed payment, the credit terms must be reasonable in light of the creditworthiness of the employer and the time value of money, and the fiduciary should consider requiring security; and
7. The plan must participate in the settlement on terms that are at least as favorable to the plan as the terms that affect any other parties that are not plans.

The primary policy consideration of the Funds' collection program, other than those that are mandatory under the DOL's guidance, is that the Funds should design their delinquency policies to avoid being the lender of first resort for an employer that has cash-flow problems. It is extremely easy for an employer to write itself a loan from the Funds by simply postponing a contribution remittance. The Funds' delinquency policy should make that decision costly, so that if the employer has to decide which of its creditors it will pay first, it will have a strong reason to pay the Funds first and postpone payment to its other creditors.

In compliance with the applicable principles governing collection, the Board of Trustees of each of the Funds has adopted the following rules and procedures regarding the enforcement of employers' reporting and remittance obligations to the Funds.

A. Definitions

For purposes of these Procedures, the following terms are defined as follows:

1. **Procedures** - the Sheet Metal Workers' National Pension Fund for the Collection of Contributions.
2. **Employer** - an Employer, which has, or had, an obligation to contribute to any of the Funds.

3. **Contributions** - contributions due from an Employer under the terms of a collective bargaining agreement or other agreement, or which are due any of the Funds.
4. **CBA** - stands for collective bargaining agreement or other agreement, which requires Contributions.
5. **Reports** - reports of hours worked by, earnings and other information on, persons for whom Contributions are required.
6. **Delinquency Date** - the earlier of the date established in a CBA or the 20th day of the month following the month for which Contributions are required to be made. In some instances, contributions may be paid weekly, but for the purposes of these Procedures, the Delinquency Date will remain the 20th day of the month following when contributions are required to be made.
7. **Delinquent Employer** - an Employer that fails to timely remit all Contributions and/or complete and file accurate remittance data on or before the Delinquency Date.
8. **Trustees** - unless the context suggest otherwise, means the Trustees of the Sheet Metal Workers' National Pension Fund and/or any committee of the Trustees ("Committee") to whom authority to administer, implement, adopt, modify, amend, carry out, interpret and/or enforce the Procedures and/or the provisions of the Trust Agreement applicable to the collection of Contributions has been duly allocated. The full NPF Board of Trustees has allocated to the Contributions Committee of the Board of Trustees plenary authority under these procedures.
9. **ERISA** - the Employee Retirement Income Security Act of 1974, as amended.
10. **Trust Documents** - the Trust Documents under which the Funds are established and operated including any amendment and/or restatement thereof.
11. **Union** - means the International Association of Sheet Metal, Air, Rail and Transportation Workers ("SMART") any Local Union chartered by SMART.

B. Authority

1. The Trustees have the legal right to exercise all remedies under ERISA and the Trust Documents. The NPF Trustees have conferred this power on the Contributions Committee of the Board of Trustees of the Sheet Metal Workers' National Pension Fund. This authority includes:
 - a. To take any other steps and/or to perform all acts that are necessary or proper to collect Contributions in a reasonable, systematic and diligent manner, including (without limitation) amending these Procedures, and retaining counsel, auditors and others to assist with collection.
 - b. The right and power to audit Employer records, assess liquidated damages, attorney fees and costs and take such other actions to collect Contributions under law.
 - c. To depart from these Procedures in any circumstances they deem it prudent to do so.
 - d. To determine whether or not Contributions are erroneous, and the circumstances under which a refund of erroneous contributions may be made. This authority does not diminish the authority of the Funds' Board of Trustees to independently make this determination on behalf of respective Funds.
 - e. To compromise any claim or to enter into settlement agreements with Delinquent Employers on the terms they deem appropriate and consistent with law and regulations.
 - f. To establish Settlement Guidelines for Staff and Counsel, which are incorporated by reference herein. The Trustees may authorize settlements, arrangements, compromises, understandings or resolutions of delinquencies, which waive or compromise an amount owed, or which contemplates payment of amounts due over a period of time. Any settlement etc. that waives or compromises an amount owed, or which contemplates payment of amounts due over a period of time should be in writing. In any event, any settlement etc. should comply with applicable law - including Department of Labor Prohibited Transaction Class Exemption 76-1.

C. Applicability

1. Should an Employer's contribution obligation cease, these Procedures will continue to be followed for the period during which the Employer was obligated to contribute and until the delinquency is finally resolved.
2. Nothing in these Procedures creates or confers any substantive or procedural right on any Employer, Employee, Participant, Local Union or, employee benefit plan or program. Furthermore, departure or deviation from these Procedures does not confer or create any defense to timely payment of contributions, interest, liquidated damages, attorneys' fees and cost and/or claim for mitigation of damages, with respect to payment of Contributions, interest, liquidated damages, attorney's fees or costs.
3. These Procedures are intended to be consistent with the provisions of the Funds' Trust Documents; however, in the event there appears to be a conflict between these provisions and the Trust Documents, the Trust Documents shall control. All matters concerning benefit credit, benefit eligibility, benefit amounts and the like shall be determined under the Funds' plan documents.
4. From time to time, the Trustees may delegate collection to local collection agents under other procedures that are reasonable, systematic and diligent which shall not be viewed to conflict with these Procedures despite differences.

SECTION I

TIME TABLE, INITIAL NOTICES and RESOLUTION BEFORE REFERRAL

A. The Trustees direct and authorize all reasonable steps necessary or appropriate to promote timely submission of Contributions and Reports and seek prompt payment of delinquent Contributions and Reports. In most circumstances, any notice or communication to an Employer should be sent to the Local Union and employer association, if any, with which an Employer is affiliated.

B. If Contributions are not received within ten (10) calendar days after the Delinquency Date, the NPF Billing Department shall send a First Notice to the Employer of an apparent delinquency and requesting prompt payment. The Employer will be liable for liquidated damages thirty (30) days following the original due date, as provided in the Trust Document (Liquidated damages are sometimes referred to as "late fees" or "late

charges”).¹ Liquidated damages are equal to 10% of the total delinquency or \$50, whichever is greater. Those Employers that pay Contributions weekly, but fail to do so when due, will be assessed interest and liquidated damages as though they contribute monthly, as provided in the Trust Document. For example, if an Employer’s weekly contributions are due each Friday, the contributions due after the 20th of January will be treated as though they were all due the 20th of February for purposes of assessing interest, liquidated damages and issuing delinquency letters.

C. If the delinquent Contributions are not paid within ten (10) calendar days of the First Notice, the NPF Billing Department shall send a Second Notice shortly thereafter. This Second Notice shall advise that the Employer that is liable for interest, liquidated damages,² attorney’s fees, audit fees, and costs of collection.

D. If the delinquent Contributions remain unpaid within ten (10) days of the date of the Second Notice, the Compliance Department shall promptly send a Final Notice. The Final Notice shall advise the Employer, at a minimum that:

1. it is liable for interest, liquidated damages, attorneys’ fees, accountant’s fees, and costs incurred in collection. Interest, liquidated damages, fees and costs shall be assessed consistent with the Trust Documents. Liquidated damages are an estimate, to the best of the Trustees’ ability, of the approximate cost in additional administrative expenses and losses caused by an Employer’s failure to timely remit Contributions;
2. if it does not pay the delinquent Contributions, interest and liquidated damages immediately, legal action may follow;
3. it may be subject to withdrawal of labor;
4. termination as a Contributing Employer;
5. any Owner/Member employed by a Delinquent Employer may cease to accrue benefits, or have his/her benefits adversely affected, under the terms of a particular fund’s plan documents.

E. The NPF Compliance Department may attempt to resolve a delinquency before referral to Counsel (with assistance from other Fund staff as needed). Resolution

¹ In most instances, liquidated damages due before litigation is commenced equate to ten percent of the Delinquent Contributions. After litigation commences, the amount of liquidated damages increases to twenty percent of the Delinquent Contributions. After litigation commences, the amount of liquidated damages increases to twenty percent of the Delinquent Contributions.

² Liquidated damages at 10% or \$50 will be “system calculated” upon receipt of the late payment.

efforts may include contacting the Employer's owner(s) and officers, registered agent, and highest level executives at their office and home addresses. Generally, the NPF Compliance staff should insist that the Employer remit via the Internet Payment System as a condition of settlement.

F. The Trustees authorize the NPF Executive Director to enter into settlements that comply with the SETTLEMENT GUIDELINES for STAFF AND COUNSEL, which is a confidential document and is incorporated by reference into these Procedures.

G. Given the cost of collection, any shortage of Twenty dollars (\$20.00) or less, in the aggregate, does not require shortage notices to an Employer or other action. There are exceptions, including: (1) non-payment of any single National Benefit Fund in total; (2) shortage caused by an incorrect contribution rate; and (3) repeated shortages. Shortages under this subsection shall remain part of the Employer's record and subject to collection in subsequent collection efforts for a period of five years, at which point they may be written off absent additional shortages. In the event that an Employer with previous uncollected shortages is referred for collection, those shortages should be resolved before closing the case unless already written off under the preceding sentence.

SECTION II

REFERRAL TO COUNSEL TO COLLECT DELINQUENCIES AND ENFORCE AUDIT RIGHTS

A. If the Employer has not responded within 10 days of the Final Notice or the Compliance Department is not able to reach a final resolution for payment within the SETTLEMENT GUIDELINES for STAFF AND COUNSEL, the matter will be referred to the NPF Legal Department for further review and possible referral to outside counsel.

B. The NPF Legal Department will send a demand letter advising the employer of the amounts due and that the matter is being evaluated for legal action. If the Employer's delinquency violates a settlement agreement previously negotiated by outside counsel, the matter may be referred back to that counsel prior to in-house counsel sending a demand letter.

C. If the matter is not resolved, the NPF Legal Department will evaluate whether to bring suit. NPF staff will continue to send delinquency letters inclusive of new delinquencies and contact the Local Union, Employer and SMACNA, to the extent feasible.

D. The Legal Department will determine if a referral to outside legal counsel is then appropriate consistent with this subsection and unless the Trustees otherwise direct.

1. No case shall be referred to outside counsel unless contributions exceed \$3000, except for rare matters involving habitually delinquent

employers. For so long as delinquent Contributions are less than \$3000, the Compliance Department will periodically seek collection. The Compliance Department should be mindful of giving notice of the pending delinquency to other departments (e.g., Pension Department for Owner-Members).

2. For delinquent amounts over \$3000, NPF In-House Legal Counsel will perform a cost/benefit analysis of referring the matter to outside legal counsel, taking into consideration the costs of potential litigation versus the amount owed, the Employer's past history of delinquencies, and the Fund's ability to collect on a judgment against the Employer.

E. In all referrals, the Compliance and Legal Departments shall provide all information and documents reasonably necessary to file suit. The Trustees may refer any Delinquent Employer to Outside Counsel at an earlier or later date than provided for above, as they find appropriate under the facts and circumstances. An Employer's refusal to permit or cooperate with an audit may result in immediate referral even in the absence of a known delinquency.

F. On or about the time the NPF makes a referral to outside legal counsel, or at such other time as the Trustees may direct, NPF shall send a separate notice to the last known Covered Employees of the Delinquent Employer advising that the Employer is facing suit and that their benefits may be adversely affected.

G. Upon referral, Outside Counsel shall conduct a legal and factual review appropriate under the circumstances. In consultation with NPF In-House Legal Counsel, Outside Counsel may attempt settlement for a limited time before filing suit. Upon completion of Counsel's review and settlement efforts, if any, Outside Counsel will consult with NPF In-House Legal Counsel to analyze the likelihood of obtaining recovery and the litigation costs to the Fund. Upon instruction from NPF In-House Legal Counsel, and unless circumstances dictate otherwise, Counsel shall file suit against the Employer within three months of referral.. Outside Counsel should continue to consult with NPF In-House Legal Counsel throughout the litigation process, particularly regarding mounting legal costs and obstacles to collecting the amounts owed.

H. If the Employer was delinquent before the instant referral, and paid the delinquent Contributions, but not the liquidated damages, or any other amounts owed, Outside Counsel may include the liquidated damages, and other amounts due in the instant action.

I. When Outside Counsel collects delinquencies or seeks to enforce the right to audit an Employer, whether or not suit is filed, the Employer is generally required to

reimburse the Fund for any and all costs including but not limited to audit costs, attorney's fees and costs incurred in collections and/or enforcing the right to audit, any attorney's fees incurred in post-judgment collection efforts (e.g., garnishments, income executions, etc.).

J. A Delinquent Employer (or an Employer facing legal action to enforce the right to audit) shall be expected to reimburse the Fund for all costs incurred in enforcing the Employer's contribution obligations, including the obligation to submit to an audit. Such costs include, but are not limited to: audit fees and costs, attorney's fees, filing fees, fees for service, travel, copying charges, postage, expert fees, and any other costs incurred by the Fund to determine, discover or collect any of the amounts described herein.

K. The Funds may elect a course of action other than legal action including deferring, withdrawing or settling litigation consistent with the following considerations:

1. The requirements of applicable law, including Department of Labor Prohibited Transaction Exemption 76-1;
2. The Union's implementation of the SMART Protocol;
3. The amount of the delinquent Contributions;
4. The length the delinquency has persisted;
5. The Employer's ability to pay;
6. The likelihood of collecting a judgment once it is obtained;
7. The Employer's payment history;
8. The likelihood that the costs of a lawsuit will exceed any potential recovery;
9. The recommendation of Counsel;
10. Any other factor that may have a material bearing on the collection of the delinquent Contributions.

G. Once Outside Counsel files suit, he/she shall prosecute the case to judgment, unless an acceptable settlement or other resolution is reached. Counsel is authorized to enter into settlement negotiations with Delinquent Employers. The Trustees authorize Counsel to dismiss any legal action in exchange for the immediate payment of all amounts

due and owing. Any settlement, which waives or compromises any amount owed (including interest, liquidated damages, attorney's fees, accountant's fees, or costs), or which contemplates payment over a period of time must be approved or meet established parameters for preapproval as set forth in the DELINQUENCY SETTLEMENT GUIDELINES for STAFF AND COUNSEL.

H. The Fund may publish or otherwise disseminate the names of those Employers sued.

SECTION III ALLOCATION POLICY

If an employer remits only a portion of its outstanding balance due for delinquent contributions and does not instruct the Fund as to how to allocate the payment, the partial payment will be applied as follows:

A. First, partial payments will be credited to deferred wages due the NSSP as 401(k) contributions and shall be credited to the participants' accounts *pro rata* based on the full amounts due.

B. Then, interest due on such deferred wages owed to the NSSP when collected shall be credited to the participants' accounts *pro rata* based on the full amounts due.

C. Then, allocated *pro rata* (based on the full amounts due) among all National Benefit Funds mandatory contributions, crediting the amounts to the oldest delinquent month's principal first, and then that month's interest.

D. The balance, if any, then allocated *pro rata* (based on full amounts due) among all National Benefit Funds mandatory contributions, crediting the amounts to the oldest delinquent month's liquidated damages. Liquidated damages allocated to NSSP are used to offset its collection and administration costs.

SECTION IV TERMINATION OF EMPLOYERS AS CONTRIBUTING EMPLOYERS

The NPF Plan Document has provisions which authorize the NPF Trustees to terminate Delinquent Employers because of nonpayment of contributions, and for other reasons. In the event that the NPF Trustees terminate an Employer as a Contributing Employer under the Plan Document, they will provide advance notice, as soon as practicable to the respective Fund Administrators or chief executive of the other Funds asking if they wish to proceed with termination. The Funds shall respond promptly, or if the Funds do not, they will not be included in the termination. A participating Fund may preauthorize NPF to terminate an Employer as a chronic delinquent on its own behalf.

SECTION V
MINIMUM STANDARDS EMPLOYER RECORDS REVIEW

The Fund will review Employer records to monitor Employer compliance with the contribution obligations, deter irregular reporting, and assist in identifying participant benefit credit. The Trustees have the discretion to determine the number of audits performed each year, but have set a target of auditing every Employer once every five years. Terminating Employers will be audited near the time of termination. Employers with repeated discrepancies and delinquent contributions may be audited more frequently. The Trustees may allow exceptions and/or alternatives to these standards in cases where the facts and circumstances make such exceptions and/or alternatives prudent.

A. Qualification Requirements for Auditors

1. Audits of Employer records shall be conducted by a qualified Auditor (the "Auditor") with satisfactory experience in compliance testing programs.
2. Actual fieldwork may be conducted by an audit specialist under the guidance of a qualified accountant from the Auditor.
3. The Auditor's compliance testing methods should substantially meet these Minimum Standards.
4. Notwithstanding anything to the contrary, no representations made by an Auditor in the course of its audit, findings and reporting will be binding upon the Funds unless the Fund adopts the findings.

B. Pre- Audit Procedures

1. The Auditor generally will select a sampling of Employers that have not been audited in the preceding five years. Notwithstanding the foregoing, any Employer may be audited with or without cause even if audited within the preceding five years. The Union, other benefit plans, Contributing Employers or participants may request an audit, however, the request need not be granted.
2. In most instances, staff will advise the Union of Employers selected for audit before the audit.
3. An audit confirmation letter will be sent to the Employer before the audit.

4. The Funds rely on the Union for collective bargaining agreement information and other Employer information. In advance of the audit, the auditor should review all applicable collective bargaining agreements, and obtain clarification for jurisdictional, classification or other related issues from the Union as necessary.

C. Field Work

1. Initially, the period audited shall be limited to no less than three (3) years. In the event that the auditor notes any substantive discrepancies, irregularities, patterns or trends indicating noncompliance, the Auditor may extend the audit period. Unless directed otherwise, auditors shall use professional and reasonable discretion in determining how far to extend the period audited.
2. The auditor shall request that the Employer have the following records available for inspection:
 - a. Original Time Cards/Sheets
 - b. Payroll registers
 - c. Individual Earnings Records
 - d. 941's, State U/C's, W-2's, W-3's and 1099's
 - e. Cash Disbursement Journals
 - f. National Benefit Funds remittance reports/records
 - g. Remittance reports for any other fringe benefit fund to which the Employer contributes
 - h. Personnel records
 - i. Such other records as are necessary to complete the audit
3. The Auditor shall employ reasonable and customary procedures for testing completeness of records provided.
4. The Auditor shall review all monthly Reports for the period tested for significant variations between or among months. The Auditor shall test the accuracy of all payments, adjustments, trends and variances.
5. The Auditor shall conduct detail testing based on the results of items 1 and 2; selecting calendar quarters from different years if applicable.

6. The Auditor shall trace hours for a reasonably representative sample of employees from time cards to payroll registers or individual earnings records for each quarter tested. The Auditor shall compare the gross wages for each employee from the payroll registers or individual earnings records to quarterly tax returns. The Auditor shall verify that the Employer reported hours worked or compensated, in accordance with the collective bargaining agreement and/or the Funds' governing documents. The Auditor shall itemize all discrepancies in wage and fringe benefit contribution rates and amounts reported. As many Employers are signatory to more than one collective bargaining agreement (i.e., Building Trades, Residential Agreements, Project Agreements, Siding and Decking, Kitchen Equipment Agreements, etc.), the Auditor shall verify that hours are reported under the correct collective bargaining agreement for all employees. The Auditor shall note all discrepancies, ambiguities or questions contained in the collective bargaining agreement(s).
7. The Auditor shall review all monthly Reports for the quarters selected and identify all employees who have been added or deleted. The Auditor shall trace employees to appropriate payroll and personnel records to verify accuracy of addition or deletion.
8. For each quarter tested, the Auditor shall review Employer documentation (e.g., personnel records, reports to other trusts/plans, etc.) to determine the job classifications of all employees who are not reported on the Reports to the Funds. The Auditor shall summarize all questionable employees, listing their job classification or position with the Employer.
9. The Auditor shall note all cash payments to employees and the basis for such cash payments - specifically, any payment that could represent payroll compensation not reported to the Funds, the Union, or to other fringe benefit plans.
10. The Auditor shall verify that Employers report the hours for which Contributions are required for all employees, regardless of whether those employees are part of a bargaining unit.
11. The auditor shall identify all employees working for the Employer outside the Union's geographical jurisdiction, and note how those employees' hours are reported to the Union, the Funds, and any other fringe benefit plan (e.g., to the Union under the two man rule, to the Union but under another Union's collective bargaining agreement, etc.).

12. The Auditor may expand the scope of the testing when necessary to determine the extent of reporting errors.
13. The Auditor shall attempt to hold an exit conference with the Employer to review the initial audit findings and to solicit the Employer's acknowledgment. The Auditor's function is solely to test compliance. The Auditor is not authorized to comment on or interpret any provision of, or dispute concerning, contribution obligations or otherwise. Nor does the Auditor have authority to make representations or enter into any understandings, settlements or compromises.

D. Reporting and Follow-Up

1. The Auditor shall prepare a preliminary audit report that summarizes the audit findings, underpayments and overpayments on separate schedules. The preliminary report shall note any known issues concerning the collective bargaining agreement(s) or the Funds' governing documents. The preliminary report should itemize all discrepancies by employee by month and in total. The preliminary report should contain employee name, social security number, hire and termination date, individual fringe contribution rates and the fringe amount computed. All SASMI locals must include the SASMI fringe rate, fringe computed and gross computed.
2. The Auditor shall send copies of the preliminary audit report to the Employer and pose follow-up questions, however, no representations in the preliminary report shall be binding upon the Funds.

E. Final Report

1. If the Employer takes exception to the preliminary report, the Auditor shall respond with recommendations for the Funds' consideration before finalizing the audit report.
2. Funds' staff will review the final audit report and notify the Employer of the results. In cases where discrepancies exist, a demand letter will be sent for all amounts due including the cost of the audit and any liquidated damages. For routine audits where shortages are apparently inadvertent, the cost of the audit and the

liquidated damages may be waived upon prompt payment of the shortages.

3. The customary field audit is not expected to uncover each and every reporting irregularity or delinquency, therefore the absence of an audit finding cannot be taken as definitively establishing the absence of shortages or irregularities. From time to time, notwithstanding an audit, irregularities, shortages and omissions may be discovered and pursued by the Fund.

F. Failure to Cooperate with Audit

Employers who refuse to permit an audit in whole or in part may be subject to legal action without further notice, with attorney's fees, audit charges and other costs assessed to the Employer.

G. Cost Sharing

Other employee benefit plans may already have suitable audit programs in which the Funds may participate. The Trustees authorize staff to enter into these programs if there are savings and the programs materially comply with these Minimum Standards. In general, an Auditor should conduct audits on behalf of the Funds, and local funds, for a fee less equal or less than the amount the Funds would pay absent a joint audit.

SECTION VI REPORTS AND RECORDS

A. The Trustees shall receive reports from appropriate NPF personnel and Counsel on a regular basis, including at Trustee meetings no less than annually. The reports shall include such information, as the Trustees require for monitoring the effectiveness of collection efforts. In addition, the Trustees shall review, no less than annually, a report on all cases closed as uncollectible and approve the closing of such cases.

B. The Sheet Metal Workers' National Pension Fund or its agents may maintain delinquency-related documents and records electronically or in other media in lieu of paper records, consistent with the requirements of Department of Labor regulations. The National Pension Fund shall maintain delinquency related documents or records for, eight years after the matter is fully paid or deemed uncollectible, should destroy. Documents that principally relate to the overall delinquency collection program and activities, such as status reports, statistical compilations and write-off reports, shall be preserved for eight years after their presentation and may be destroyed thereafter.
