U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
1111 Third Avenue
Room 605
Seattle, WA 98101
(206) 398-8099 Fax:(206) 398-8090

April 13, 2007

Mr. Daniel Roberts, Business Manager
Laborers Local 1400
4480 North Pacific Highway, Suite #16
Central Point, OR 97502

LM File Number: 019-462
Case Number: [redacted]

Dear Mr. Roberts:

This office has recently completed an audit of Laborers Local 1400 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 April 2, 2007, 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 adequate records be maintained for at least 5 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 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 1400's 2005 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for expenses charged to union credit cards. For example, a receipt was not retained for 35 (81%) of the 43 credit card charges reviewed. For these purchases, the credit card statement served as the only backup documentation for the credit billings. Additionally, 36 (84%) of the 43 credit card charges reviewed did not include any information substantiating the purpose of the charges. The date, amount, and business purpose of all credit card expenses and reimbursed expenses must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

2. Loans

Adequate documentation was not retained for Local 1400's loans to union members. Each loan listed on the Labor Organization Annual Report (Form LM-2) must be supported by adequate backup documentation.

As agreed, provided that Local 1400 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations. I strongly urge Local 1400 to adopt clear guidelines regarding what types of expenses personnel may charge with union credit cards and what types of out-of-pocket expenses personnel may be reimbursed. Our office is readily 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 want to extend my personal appreciation to Laborers Local 1400 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,

[redacted]
Investigator

cc: Mr. Ed Hunt, President