



April 18, 2013

Mr. Donnie Stanley, President
Building and Constrn Trades Dept AFL-CIO, Central Alabama
2653 Ruffner Road
Birmingham, AL 35210

Case Number: 430-10505 [REDACTED]
LM Number: 052465

Dear Mr. Stanley:

This office has recently completed an audit of Building & Constrn Trades Dept, Central Alabama, 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, Secretary/Treasurer John Eaves, and Office Manager Jo Ellen Tomberlin on April 17, 2013, 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 Building and Constrn Trades Dept, Central Alabama, 2012 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit President Donnie Stanley advised OLMS that the membership authorized the purchase of flowers for a union member who had suffered a death in the family in the amount of \$112.86 from Shirley's Florist on 5-4-2012 at the May 2012 meeting and the purchase of a meal in the amount of \$424.60 from Jim N Nicks Restaurant on 8-30-12 at the August 2012 meeting. Article VIII, Section 2 of the by laws require all disbursements to be approved by the membership. The minutes of the meetings do not contain any reference to these issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Meal Expenses

Building and Constrn Trades Dept did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$48.13. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Building and Constrn Trades Dept records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a meal at the Hilton Hotel in Washington, DC, on 4-29-12 in the amount of \$48.12 did not have the nature of union business discussed or names of attendees. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Building and Constrn Trades Dept, Central Alabama, will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 Building and Constrn Trades Dept, Central Alabama, for fiscal year ending December 31, 2012, was deficient in the following area:

Disbursements to Officers

Building and Constrn Trades Dept did not include some reimbursements to officers totaling at least \$169.86 in the amounts reported Item 24 (All Officers and Disbursements to

Officers). It appears the union erroneously reported these payments in President Donnie Stanley's disbursement amount in Item 24.

The union must report most direct disbursements to Building and Constrn Trades Dept, 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).

I am not requiring that Building and Constrn Trades Dept, Central Alabama, file an amended LM report for 2012 to correct the deficient item, but Building and Constrn Trades Dept, Central Alabama, has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Building and Constrn Trades Dept, Central Alabama, 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. John Eaves, Secretary Treasurer