



January 29, 2014

Mr. Buddy Baker, President  
Concrete Vault and Sewage System Installers Local 20  
86 S. Cleveland Street  
Mogadore, OH 44260

Case Number: 350-6000126 [REDACTED]  
LM Number: 515058

Dear Mr. Baker:

This office has recently completed an audit of Concrete Vault and Sewage System Installers Local 20 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 and Treasurer Kevin Westmeyer on January 22, 2014, 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 Violation

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 20's 2012 records revealed the following recordkeeping violations:

#### General Reimbursed and Check Card Expenses

Local 20 did not retain adequate documentation for reimbursed expenses and check card expenses incurred by union officers totaling at least \$100.00. For example, some receipts for

supplies were not present in the union records.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 20 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 20 for the fiscal year ended December 31, 2012 was deficient in the following areas:

#### 1. Disbursements to Officers (LM-3)

Local 20 did not include payments to officers for lost time, union work, and reimbursements to officers totaling at least \$7,000.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48, Office and Administrative Fees.

The union must report most direct disbursements to Local 20 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. Bond Reported

Item 20 of LM-3 Report filed by Local 20 states that the maximum amount recoverable under a fidelity bond is \$2,000.00. The bond certificate provided by the union for the time frame of the audit showed the union was bonded for \$10,000.00.

I am not requiring that Local 20 file an amended LM report for 2012 to correct the deficient items, but Local 20 has agreed to properly report the deficient items on all future reports it files with OLMS, starting with the LM-3 Report for 2013.

#### Other Issues

1. Expense Policy

As I discussed during the exit interview with you and Treasurer Kevin Westmeyer, the audit revealed that Local 20 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union check cards. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Lost Time and Pay for Union Work

The audit revealed that Local 20 permits officers to be paid for time missed from work to conduct union business (lost time). The local also permits officers to receive their hourly rate for working on union business when no time is missed from work. Local 20 does not differentiate between lost time pay and pay for union work. OLMS recommends that unions establish written guidelines concerning such matters.

3. Elections

The audit revealed that Local 20 does not historically conduct officer elections every three years. Per Title IV, Section 402(b) of the Labor Management Reporting and Disclosure Act of 1959, every local labor organization shall elect its officers not less often than once every three years by secret ballot among the members in good standing. Local 20 officers indicated that the last officer election was conducted in 2011, which would make an officer election due this year.

I want to extend my personal appreciation to Concrete Vault and Sewage System Installers Local 20 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. Kevin Westmeyer, Treasurer