



March 30, 2016

Mr. Michael Hassett, Business Manager
Roofers Local 9
114 Old Forge Road
Rocky Hill, CT 06067

Case Number: 110-6005649 [REDACTED]
LM Number: 008-432

Dear Mr. Hassett:

This office has recently completed an audit of Roofers Local 9 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 March 28, 2016, 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 Roofers Local 9's 2014 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 9 did not retain adequate documentation for credit card expenses totaling at least \$11,059. The credit card expenses lacking validating receipts or properly documented

receipts were primarily for travel and meal expenses. 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 restaurants where the officers or employees incurred meal expenses.

As previously 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.

2. Lost Wages

Local 9 did not retain adequate documentation for lost wage reimbursement payments to union members/employees in two instances. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 9 did not use lost wage vouchers but did document the payment of the lost wages to the union president on the check stubs. The check stubs documented the number of hours lost on each date, the rate of pay, and a description of the union business conducted. The check stubs did not identify the actual date the lost wages were incurred.

During the exit interview, I provided a sample of an expense voucher Local 9 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other expenses.

3. Union Owned/Leased Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2.

Local 9 incurred and reported expenses for an automobile during 2014, but did not maintain records documenting business versus personal use of the union vehicles. The LM-2 instructions include specific rules for reporting automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2, allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

Based on your assurance that Local 9 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 LM-2 filed by Roofers Local 9 for fiscal year ending December 31, 2014, was deficient in the following area:

1. Disbursement to Officers and Employees

Local 9 did not include credit card disbursements for officer's meals totaling \$5,449 in Schedule 11 (To Officers). It appears that the local erroneously reported these payments in Item 53 (General Overhead).

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Automobile Expenses

Local 9 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) Column F, disbursements for the operation and maintenance of a union automobile assigned to the business manager totaling at least \$9,683. The local also did not report an explanation in Item 69 (Additional Information) that the officer used the vehicle part of the time for personal business.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee if Column F of Schedules 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business.

Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column

G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

3. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets, calendars, caps, bandanas, and mugs totaling more than \$8,574 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

4. Transfer of Funds Reported As Receipts

Local 9 improperly included the value of funds transferred from investments to the local's bank account in Statement B, Item 48 (Other Receipts). The transfer of cash from one of the local's accounts to another should not be reported as receipts or disbursements.

Roofers Local 9 must file an amended Form LM-2 for fiscal year ending December 31, 2014, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-2 should be submitted to this office at the above address as soon as possible, but not later than April 15, 2016. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Bonding

Local 9 reported a bond of \$5,000, but the audit revealed that the local was actually bonded for \$150,000. The local was adequately bonded at the time of the audit.

Mr. Michael Hassett

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I want to extend my personal appreciation to Roofers Local 9 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: Jeff Nagy, President