

U.S. Department of Labor

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September 28, 2018

Mr. Steve Perdue, Treasurer
North Central WV Building & Construction Trades
Council, AFL-CIO

Case Number: 140-6012436 [REDACTED]
LM Number: 515437

Dear Mr. Perdue:

This office has recently completed an audit of the North Central WV Building & Construction Trades Council (the Council) 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, Executive Secretary Natalie Stone, and Recording Secretary Rita McCrobie on September 24, 2018, 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 the Council's 2017 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in the Council's QuickBooks ledger recorded the date dues were deposited; however, they failed to record the date dues were received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Check Dates not Properly Recorded

Entries in the Council's QuickBooks ledger did not accurately reflect the date money was disbursed. For example, check number [REDACTED], payable to Recording Secretary Rita McCrobie, in the amount of \$27.00, was dated February 6, 2017; however, the check was recorded in the union ledger with a date of February 27, 2017. Union disbursement records must show the date of disbursement. The LM-3 instructions for Statement B state that the labor organization must record disbursements when it actually pays out money. Failure to record the date money was disbursed could result in the union reporting some disbursements for a different year than when it actually disbursed them.

3. Reimbursed Auto Expenses

President Joe Murphy received reimbursement for business use of his personal vehicle did not retain adequate documentation to support payments to him totaling at least \$802.56 during 2017. President Murphy failed to list the locations of travel on all of his mileage vouchers. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Meal Expenses

The Council did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$387.61. 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.

Additionally, 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 the Council 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 the Council for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers

The Council did not include any reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers) for the fiscal year ended December 31, 2017. It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Council 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. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. The Council amended its constitution and bylaws in 2016, but did not file a copy with its LM report for that year.

The Council has now filed a copy of its constitution and bylaws.

The Council must file an amended Form LM-3 for the fiscal year ended December 31, 2017, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than October 26, 2018. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to the Council 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: Ms. Natalie Stone, Executive Secretary
Jennifer Barill, CPA
Joe Elliot, Treasurer