



April 10, 2020

Mr. Michael Tupica, Business Manager
Plumbers AFL-CIO LU 146
9920 White Settlement Road
Fort Worth, TX 76108

Case Number: 420-6017773
LM Number: 038883

Dear Mr. Tupica:

This office has recently completed an audit of Plumbers AFL-CIO LU 146 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, President D. Wayne Duncan, Vice President Rolondo S. Perez Jr., Executive Board Member Kim Ballard, and Office Manager Stacey Stephens on April 9, 2020, 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 Plumbers AFL-CIO LU 146's 2019 records revealed the following recordkeeping violations:

1. Meal Expenses

Plumbers AFL-CIO LU 146 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. 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.

The union has agreed to maintain the proper meal expenses records.

2. Union Owned Vehicle

Plumbers AFL-CIO LU 146 incurred expenses totaling at least \$4,008.26 for one automobile assigned to Business Manager Michael Tupica. However, Plumbers AFL-CIO LU 146 did not require or maintain records documenting business versus personal use of the union vehicles.

For each trip the officer takes using a union owned vehicle, the officer 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.

3. Lack of Salary Authorization

Plumbers AFL-CIO LU 146 did not maintain records to verify that the salary for Office Manager Stacey Stephens as reported in Schedule 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Plumbers AFL-CIO LU 146 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-2 filed by Plumbers AFL-CIO LU 146 for the fiscal year ended June 30, 2019, was deficient in the following areas:

1. Automobile Expenses

Plumbers AFL-CIO LU 146 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of the union automobile totaling at least \$4,008.26.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedule 11 direct and indirect disbursements for the operation and maintenance of the 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 an 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 in Column F of Schedule 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.

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. Plumbers AFL-CIO LU 146 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Plumbers AFL-CIO LU 146 has now filed a copy of its constitution and bylaws.

Plumbers AFL-CIO LU 146 must file an amended Form LM-2 for the fiscal year ended June 30, 2019, 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-2 must be filed no later than May 10, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Vacation and Sick Leave Policy

As I discussed during the exit interview, the audit revealed that Plumbers AFL-CIO LU 146 does not have a vacation and sick leave policy. If such time is granted, OLMS recommends that unions adopt written guidelines concerning such matters to ensure vacation leave is not abused.

2. One Signatory

During the audit, OLMS was advised that Business Manager Michael Tupica was the only signer on union checks. It is recommended that the union establish the two signature requirement on all union issued checks. The two signature requirement is an effective internal control of union funds. OLMS recommends that Plumbers AFL-CIO LU 146 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Plumbers AFL-CIO LU 146 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. D. Wayde Duncan, President
Mr. Rolondo S. Perez, Jr, Vice President
[REDACTED], Inside Guard
[REDACTED], Executive Board Member
Mr. Kim Ballard, Executive Board Member
[REDACTED], Executive Board Member
Mr. Thomas Hawkins, Executive Board Member
[REDACTED] Finance Committee
Mr. Joey Howard, Finance Committee
[REDACTED] Finance Committee
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