

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
1222 Spruce Street  
Room 9 109E  
St. Louis, MO 63103  
(314)539-2667 Fax: (314)539-2626



September 26, 2007

Ms. Tamara Coleman, Secretary-Treasurer  
Laborers AFL-CIO  
Local 622  
727 Asbury Street  
Greenville, IL 62246

LM File Number 015597

Case Number: [REDACTED]

Dear Ms. Coleman:

This office has recently completed an audit of Laborers Local 622 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, Business Manager Roger McDowell, and President Dan Sidwell on September 6, 2007, 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 Local 622's fiscal year 2006 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 622 did not maintain records to verify the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amount and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the salary authorized by the entity or individual in the union with the authority to establish salaries.

Article XI, Section 1(d) of the Laborers International Constitution states the salaries of local officers shall be set prior to the election. However, no union records establishing officer salaries could be found. It was agreed salaries would be addressed prior to the next election, which is scheduled for June 2008, and entered into the meeting minutes.

2. Information Not Recorded in Meeting Minutes

Article IX, Section 1(a) requires that all expenses, including but not limited to regular, recurrent, and incidental expenses, and expenses deemed necessary or proper to carry out the objects and purposes of the union, be authorized by the executive board. However, the minutes of the executive board meetings do not contain any reference to authorizing expenses. Member meeting minutes reference expense authorization, but detailed itemization is not provided. Some items that should be included in meeting minutes include, but are not limited to, officer salaries, reimbursements to officers, and authorization for officer travel.

3. Failure to Keep Book Records for Certificates of Deposit

The union did not maintain records necessary to verify the accuracy of the information reported in Statement A (Assets and Liabilities), Item 25 of the LM-3.

Local 622 held two certificates of deposit during 2006. However, Local 622 did not maintain records documenting the purchase, earned interest, or rollover for either certificate of deposit.

Based on your assurance that Local 622 will retain adequate documentation in the future, OLMS will take no further 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 622 for fiscal year ending June 30, 2006, was deficient in the following areas:

#### Disbursements to Officers

Local 622 did not include any reimbursements to officers totaling at least \$2,000 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The union must report most direct disbursements to Local 622 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).

In this case, reimbursements were made to officers for various expenses such as office supplies and cell phone bills. These reimbursements should be included in Item 24(E) and Item 45 of the LM-3 Report.

Other Issues

1. Signing Blank Checks

During the audit, you advised that the president signs blank checks. Your union requires that all checks be signed by the president and secretary-treasurer. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two-signature requirement. OLMS recommends that Local 622 review these procedures to improve internal control of union funds.

2. Waiving Officer Dues

Dues were waived when officers attended executive board meetings, district meetings, and when auditors performed bi-annual audits. When no money is exchanged, the officer's income and expenses are underreported on the LM-3 Report. Officers should be required to pay all dues and then be reimbursed by the union for meetings attended and/or audits performed. Dues reimbursements should be included in Item 24(D) or (E) and Item 45 of the LM-3 Report. This allows for a paper trail to be created for better internal financial control, greater transparency to union members, and a more accurate LM-3 Report.

I want to extend my personal appreciation to Laborers Local 622 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: Glyn Ramage, Business Manager  
Dan Sidwell, President