

U.S. Department of Labor

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Office of Labor-Management Standards
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September 13, 2007

Mr. Edward Keenan, Secretary Treasurer
Plumbers AFL-CIO
Pennsylvania State Association
2791 Southhampton Rd
Philadelphia, PA 19154

LM File Number 061-130

Case Number: [REDACTED]

Dear Mr. Keenan:

This office has recently completed an audit of Pennsylvania Plumbers State Association 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 September 10, 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 the Pennsylvania Plumbers State Association revealed the following recordkeeping violations:

1. Credit Card Expenses

The Pennsylvania Plumbers State Association did not retain adequate documentation for all credit card expenses incurred by Secretary Treasurer Edward Keenan. Specifically, union records did not contain a receipt for a credit card disbursement to Haydn's on Pine restaurant on August 16, 2006 totaling \$365.07. Executive board meeting minutes note that the Association had an executive board meeting on August 16, 2006 at Haydn's on Pine but the receipt for the dinner was not maintained in union records. During the audit I contacted Haydn's on Pine and received a copy of the receipt for the disbursement.

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. Disposition of Property

The Pennsylvania Plumbers State Association did not maintain an inventory of shirts it purchased and gave away to members. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and name of members that receive union shirts and the value of the shirt.

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-3) filed by The Pennsylvania Plumbers State Association for fiscal year ending March 31, 2007, was deficient in the following areas:

1. Dues

Dues (Item 38) of the LM-3 requires you to report the total dues received by your organization from members, dues received from employers through a check off arrangement and dues transmitted to your organization by a parent body or other affiliate. Receipt records detail the Pennsylvania Plumbers State Association received dues from affiliates totaling \$91,045 during the fiscal year. The Association incorrectly reported receiving dues of \$102,190 in item 38. The additional reported dues were actually other receipts the Association received totaling \$11,144 that should have been reported in other receipts (item 43).

2. Other Receipts

Other receipts (Item 43) of the LM-3 requires you to report all receipts your organization received during the fiscal year other than dues, per capita tax, fees, fines, assessments, work permit fees, interest, dividends and receipts from the sale of investments and or fixed assets. Receipt records detail the Pennsylvania Plumbers State Association receiving other receipts totaling \$11,144. The sources of the other receipts were primarily entry fees for the annual softball tournament. The Pennsylvania Plumbers State Association included these receipts in the dues figure reported in Item 38 of the LM-3. The Association incorrectly reported not receiving any other receipts during the fiscal year in item 43.

3. Office and Administrative Expenses

Office and administrative expenses (Item 48) of the LM-3 requires you to enter your organization's total disbursements for its ordinary office and administrative expenses. Disbursements for hotel rooms or for transportation by public carrier of officers and employees on official business may be reported in item 48 when

payment is made directly to the provider or through a credit arrangement. Disbursement records detail the Pennsylvania Plumbers State Association disbursing \$68,804 in office and administrative fees. The disbursements were primarily for food and hotel cost for executive board and delegate meetings. The Association incorrectly reported not making any office and administrative disbursements during the fiscal year in item 48. The Association included the office and administrative disbursements it made in the figure the Association reported in other disbursements (item 54).

4. Professional Fees

Professional fees (Item 49) of the LM-3 requires you to report your organization's total disbursements for "outside" legal and other professional services (auditing, economic, research, computer consulting, etc.) Disbursement records detail the Pennsylvania Plumbers State Association disbursing \$1,875 in professional fees during the audit year. The Association incorrectly reported disbursing \$5,233 in professional fees in item 49. The additional reported disbursement was actually for the Association's bond and should have been reported in office and administrative expenses (item 48).

5. Other Disbursements

Other disbursements (Item 54) of the LM-3 requires you to report all disbursements made by your organization not reported in Items 45 through 53, including fees, fines, assessments, supplies for resale, repayments of loans obtained, transmittals of funds collected for third parties, educational and publicity expenses, withholding taxes, and payments for the account of affiliates and other third parties. Disbursement records detail the Pennsylvania Plumbers State Association only disbursing \$27,218 in other disbursements. The Association incorrectly reported disbursing \$92,614 in item 54. The additional reported other disbursements were actually for disbursements for office and administrative expenses.

During the audit the Pennsylvania Plumbers State Association filed an amended LM-3 report for fiscal year ending March 31, 2007. The Association also agreed to accurately report receipt and disbursement figures on all future LM reports.

Mr. Edward Keenan
September 13, 2007
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I want to extend my personal appreciation to Pennsylvania Plumbers State Association 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: Ken Broadbent, President