

U.S. Department of Labor

Employment Standards Administration
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August 6, 2008

Mr. Dennis Robertson, Business Manager
Laborers
Local 668
161 Londonderry Turnpike
Hooksett, NH 03106

LM File Number 013-860
Case Number: [REDACTED]

Dear Mr. Robertson:

This office has recently completed an audit of Laborers Local 522 under the Compliance Audit Program (CAP) to determine Local 522's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and LIUNA Auditor William Rotella on July 28, 2008, 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.

The CAP disclosed recordkeeping violations, reporting violations and other issues.

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 522's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 522 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$598. For example, reimbursed expenses lacking adequate documentation included mileage and convention 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 Local 522, who are required to sign Local 522's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 522 did not require officers to submit itemized receipts for meal expenses totaling at least \$287. 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.

Local 522 records of meal expenses did not include any 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.

3. Other Expenses

Local 522 did not retain adequate documentation for at least \$1,003 in local expenses during the audit period. These expenses included: postage, per capita payments, bonding coverage payments, telephone bills, retirement gifts, and door prizes. As previously noted above, labor organizations must retain adequate documentation to sufficiently fulfill the recordkeeping requirements of LMRDA Section 206.

4. Failure to Record Receipts

Local 522 did not record in its receipts records some local dues collected totaling at least \$117. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

5. Failure to Account for Receipts

Local 522's receipt records listed at least \$185 in receipts that were collected by the local, however, documentation verifying the deposit or disbursement of the receipt was not retained. All union receipts must be accounted for with adequate documentation to verify the deposit of a receipt or expenditure of a receipt for union expenses.

6. Lack of Salary Authorization

Local 522 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were 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.

As of March 31, 2007, Local 522 terminated and merged with Local 668. Local 668 agrees to retain Local 522's records in accordance with LMRDA Section 206 to be available for examination for a period of not less than five years after the filing of the documents based on the information which the documents contain. 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 Local 522 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers

Local 522 did not include some reimbursements to officers totaling at least \$7,256 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

Also, Local 522 did not report the local's president Gerald Dexter or the total amount of payments to or on his behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 522 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

3. Reporting of Receipts

Local 522 over-reported receipts by at least \$2,504 on their LM-3 Report for the fiscal year ending December 31, 2006. The instructions for Statement B state that receipts must be recorded when money is actually received by the labor organization.

4. Failure to File Terminal Reports

Terminal reports are required to be filed within 30 days after the date of termination of the local. Local 522's terminal report was not filed with OLMS within 30 days of the local's date of termination.

Local 522 is not required to file an amended LM report for 2006 to correct the deficient items. However, Local 668 will file a terminal LM-3 report on behalf of Local 522. You were provided with a blank form and instructions, and advised that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The terminal report was agreed to be filed to this office by August 25, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Retention of Unused Checks

Local 522 did not maintain checks numbered _____ to _____. The local did not list these checks in the local's disbursement journal nor use or void these checks. All voided and unused checks should be retained by the local. OLMS recommends that Local 522 review these procedures to improve internal control of union funds.

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I want to extend my personal appreciation to Laborers Local 522 and Laborers Local 668 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,

Mark Letizi
District Director

cc: William A. Rotella, Jr., LIUNA Auditor
Marcel Benoit, Local 522 Business Manager