

U.S. Department of Labor

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September 11, 2008

Mr. James A. Hansen, Business-Manager/Treasurer
Laborers, Local Union 1271
1021 West 23rd Street
Cheyenne, WY 82001

LM File Number: 067-219
Case Number: [REDACTED]

Dear Mr. Hansen:

This office has recently completed an audit of Laborers Local 1271 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 and Office Manager/Secretary Joan Easley on August 8, 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.

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 1271's 2007 records revealed the following recordkeeping violation.

Failure to Record Receipts

Local 1271 failed to record a check for \$7,710, in its receipts records. 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.

Based on your assurance that Local 1271 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 Local 1271 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Rent Income

Local 1271 failed to report rent income received in Item 42 of the LM-2 report. The LM-2 instructions require the union to report all rents received in Item 42 (Rents).

2. Sale of Investment Account (LM-2)

Local 1271 failed to report income of \$4,460 from the sale of an investment account. The LM-2 instructions require the union to complete Schedule 3 - Sale of Investments and Fixed Assets. The LM-2 software will enter the total reported on Line 15 of Schedule 3 (Sale of Investments and Fixed Assets) in Item 43.

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. Local 1217 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Local 1217 has now filed a copy of its constitution and bylaws.

Local 1271 must file an amended Form LM-2 for fiscal year ending June 30, 2007, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than September 26, 2008. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Issues

The audit disclosed the following other issue.

Use of Signature Stamp

During the audit, Treasurer James Hansen advised that it is Local 1271's practice for Mr. Hansen to sign all union checks and to stamp the signature of President John A. Baxter on union checks. Hansen indicated that Baxter and secretary Joan Easley review the checks, but there are times when Baxter does not review checks before they are issued. Article IV, Section D-5 of Local 1271's bylaws requires that checks be signed by the president and 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1271 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Laborers Local 1271 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

Letter/Mr. James Hansen
September 11, 2008
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cc: Mr. John R. Baxter, President