

U.S. Department of Labor

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March 4, 2009

Mr. Dennis Hemeover, Business Manager/Treasurer
Plumbers Local 192
411 West 5th Street
Cheyenne, WY 82007-1350

LM File Number: 031-448
Case Number: [REDACTED]

Dear Mr. Hemeover:

This office has recently completed an audit of Plumbers Local 192 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 Monica Hansen on February 20, 2009, 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 192's 2007 records revealed the following recordkeeping violations:

1. Failure to Record Disbursements

Local 192 failed to retain adequate documentation to support approximately \$63,000 in vacation fund payments made to members' accounts via direct deposit. The union must maintain records in support of disbursements made to members that identify the date and amount of each disbursement and to whom the disbursement was made.

2. Failure to Record Receipts

Local 192 did not record in its receipt records receipts collected from the vending machine. 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.

3. Petty Cash Transactions

Local 192 did not retain adequate documentation to support the disbursements and expenses from the local's petty cash fund. As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principle officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 192 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 Local 192 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported on the local's 2007 LM-2 report 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. Local 192 was advised that any funds collected for transmittal to third parties need to be included as part of its receipts calculation no matter how soon after receipt the money is disbursed. In addition, Local 192 failed to report receipts collected from the vending machine and the cash in the local's petty cash fund.

On February 2, 2009, Local 192 filed an amended 2007 LM-2 report. Therefore, no further enforcement action is necessary.

2. Failure to File Bylaws

The audit disclosed a violation of the 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. The Plumbers Local 192 were revised in 2001, but the local did not file a copy with its LM report for that year.

Plumbers Local 192 provided a copy of the most recent bylaws at the conclusion of the audit and assured OLMS that the local will file an electronic copy with its 2008 LM-2 report.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 192's officers and employees were bonded for \$150,000, but they must be bonded for at least \$260,000. During this audit, Local 192 provided proof of bonding coverage for \$300,000. Therefore, no further action is necessary.

Other Issue

Use of Signature Stamp

During the audit, Business Manager Dennis Hemeover advised that it is Local 192's practice to sometimes sign union checks and to stamp the signature of President Russell Pafford on union checks. 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 192 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Plumbers Local 192 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: Mr. Russell Pafford, President