

**U.S. Department of Labor**

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May 27, 2009

Mr. Robert Rizzi, President  
Building and Construction Trades Department  
Quincy-South Shore-Norfolk  
PO Box 690431  
Quincy, MA 02269-0431

LM File Number 016-486  
Case Number: ||| ||| ||| ||| ||| ||| |||

Dear Mr. Rizzi:

This office has recently completed an audit of BCTC Quincy-South Shore-Norfolk 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 Secretary-Treasurer Thomas Williams on May 21, 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.

The CAP disclosed recordkeeping violations, reporting violations, other 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 the BCTC Quincy-South Shore-Norfolk's 2008 records revealed the following recordkeeping violation:

#### Information not Recorded in Meeting Minutes

During the audit, Mr. Williams advised OLMS that the executive board authorizes all council expenses at its monthly meetings. However, the minutes of the executive board meetings do not all contain reference to authorization of council expenses. The expenses lacking executive board authorization in the meeting minutes included rent payments, lawyers' fees, cell phone payments for the council's president, and the purchase of jackets. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that BCTC Quincy-South Shore-Norfolk 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-3) filed by BCTC Quincy-South Shore-Norfolk for fiscal year ending June 30, 2008, was deficient in the following areas:

1. 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.

2. Failure to Report Disbursements

BCTC Quincy-South Shore-Norfolk did not report \$250 in council disbursements in Statement B of the council's LM-3 filed for the fiscal year ending June 30, 2008. The Statement B instructions state that disbursements must be recorded when money is actually paid out by the labor organization.

3. Failure to Properly Categorize Disbursements

BCTC Quincy-South Shore-Norfolk did not correctly categorize at least \$9,000 in office and administration payments in Item 48 (Office and Administrative Expenses). It appears as though the council erroneously reported these disbursements in Item 54 (Other Disbursements). The instructions for Item 48 state the total amount of ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. must be entered in Item 48.

BCTC Quincy-South Shore-Norfolk must file an amended Form LM-3 for fiscal year ending June 30, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible,

but not later than June 11, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

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.

The audit revealed that not all council officers and employees who handle council funds are bonded. BCTC Quincy-South Shore-Norfolk should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than June 11, 2008.

Other Issues

1. Signatures for Expense Payments

According to Article V, Section 6 of the Constitution and Bylaws to Govern Local Councils of the Building and Construction Trades Department, AFL-CIO: "The Financial Secretary shall issue all orders for the payment of bills ordered by the Council, the same to be attested by the signatures of the President and Recording Secretary." Currently, BCTC Quincy-South Shore-Norfolk is not having the President and Recording Secretary sign orders for the payment of bills ordered by the council. OLMS recommends that BCTC Quincy-South Shore-Norfolk remain in compliance with Article V, Section 6 of the Constitution and Bylaws to Govern Local Councils of the Building and Construction Trades Department, AFL-CIO.

2. Failure to Conduct Quarterly Audits

According to Article VII, Section 1 of the Constitution and Bylaws to Govern Local Councils of the Building and Construction Trades Department, AFL-CIO: "The Trustees shall audit the books of the Council at the end of each fiscal quarter and submit a statement of said audit to the Council not more than two weeks after the close of each quarter." Currently, BCTC Quincy-South Shore-Norfolk is only having its books audited annually. OLMS recommends that BCTC Quincy-South Shore-Norfolk remain in compliance with Article VII, Section 1 of the Constitution and Bylaws to Govern Local Councils of the Building and Construction Trades Department, AFL-CIO.

I want to extend my personal appreciation to BCTC Quincy-South Shore-Norfolk 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: Thomas Williams, Secretary-Treasurer