



November 5, 2012

Mr. David Hallmark, Business Agent
Elevator Constructors AFL-CIO Local 24
5221 1st Ave North
Birmingham, AL 35212

Case Number: [REDACTED]
LM Number: 016083

Dear Mr. Hallmark:

This office has recently completed an audit of Elevator Constructors AFL-CIO, Local 24 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, Treasurer Bruce Peak, and Administrative Assistant Lisa Collier on November 2, 2012, 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 24's 2011 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 24 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$570.06. 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 24's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a meal at O'Charleys Restaurant in the amount of \$90.00 on March 8, 2011 did not have the nature of union business discussed or names of attendees listed and a meal at Cracker Barrel Restaurant in the amount of \$228.25 on July 28, 2011 did not have the nature of union business discussed or names of attendees listed. 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.

2. General Disbursements

Local 24 did not retain adequate documentation for disbursements totaling at least \$200.00. For example, the union did maintain an invoice, bill, or receipt for the rental of a picnic pavilion at Lake Guntersville, AL on September 9, 2011 in the amount of \$200.00.

As 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.

3. Information not Recorded in Meeting Minutes

During the audit Business Agent David Hallmark advised OLMS that the membership authorized the purchase of flowers for union members who had suffered an injury or death in the family in the amount of \$372.90 from Artistic Concepts during the January, June, and July 2011 period. Article XII, Section IV of the by laws require all gifts or donations to be approved by the membership. The minutes of the meetings do not contain any reference to this issue. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Voided Checks

Local 24 did not retain three voided checks. Voided checks are required to be maintained to provide in sufficient detail the necessary information to explain or clarify the information provided in the union records.

Based on your assurance that Local 24 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 24 for fiscal year ending December 31, 2011, was deficient in the following areas:

1. Interest Income Reported as Dividends

Local 24 improperly included their interest income as dividends and reported their interest on the LM-2 for FYE 12-31-2011 as a dividend on Line 41 (Dividends). The instructions for the LM-2 state that Interest Income shall be entered on Line 40 (Interest) of the LM-2.

2. Failure to File By Laws

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 24 amended its By Laws in 2000 but did not file a copy with its LM report for that year or any year since.

Local 24 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 24 file an amended LM report for 2011 to correct the deficient items, but Local 24 has agreed to properly report the deficient items on all future reports it files with OLMS.

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.

The audit revealed that Local 24's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 24 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Elevator Constructors Local 24 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Mr. Bruce Peak, Treasurer