

U.S. Department of Labor
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May 14, 2019

Jason Parker, President
Virginia State Building & Construction Trades Council
8930 Pams Ave
North Chesterfield, VA 23237

Case Number: 450-6015063 [REDACTED]
LM Number: 068184

Dear Mr. Parker:

This office has recently completed an audit of the Virginia State Building & Construction Trades Council (VASBCTC) 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 Treasurer Danny Watson and you on May 3, 2019, 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 the VASBCTC's 2017 records revealed the following recordkeeping violations:

1. General Expenses

The VASBCTC failed to maintain sufficient records to document some disbursements made during the fiscal year. For example, on September 11, 2017, the union issued check [REDACTED] to Red Wing in the amount of \$680.00 with "Golf" on the memo line. There was nothing in the union's records which documented the business reason for this disbursement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The union business purpose must also be included in the union records. 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.

2. Credit Card Expenses

The VASBCTC did not retain adequate documentation for some credit card charges incurred by union officers. There were no receipts for some of these purchases and there was not adequate detail to explain the union purpose for other purchases.

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. Meal Expenses

The VASBCTC did not require officers to submit itemized receipts for meal expenses. 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.

The VASBCTC 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. 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.

Based on your assurance that the VASBCTC 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-3) filed by the VASBCTC for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers

The VASBCTC did not include some payments to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to VASBCTC 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. 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. The VASBCTC amended its constitution and bylaws in 2017, but did not file a copy with its LM report for that year. The VASBCTC has now filed a copy of its constitution and bylaws.

I am not requiring that the VASBCTC file an amended LM report for 2017 to correct the deficient items, but the VASBCTC has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1) Vacation Policy

The audit revealed that the VASBCTC did not have a vacation policy for the union president, who was a full-time officer, and did not keep track of vacation time used by the union president. OLMS recommends that the union adopt a vacation policy for its full

time officers. The union records should indicate the date of all vacation time used by the union officers and the remaining balance of vacation time.

2) Personal Charges on Union Credit Cards

The audit revealed that a union officer placed a personal charge on the union's credit card for \$30.99 at a car wash. Although the officer promptly repaid the VASBCTC for the personal expense charged, OLMS recommends that the union follow its policy of not allowing personal expenses on the union credit card.

3) Automobile Allowance

The audit revealed that a union officer was paid approximately \$1,000 per month during the audit period as an automobile allowance. The VASBCTC constitution states that officers should be reimbursed for mileage at the IRS rate. There is no mention of an automobile allowance in the VASBCTC constitution. OLMS recommends that the VASBCTC follow the mileage policy in its constitution or amend its constitution if an automobile allowance is desired.

I want to extend my personal appreciation to the VASBCTC 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: Danny Watson, Treasurer