

U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
Boston District Office  
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April 29, 2005

Mr. Brian Pariseault  
Utility Workers LU310

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Re: 2

Dear Mr. Pariseault:

This office has recently completed an audit of Utility Workers Local 310 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 on April 28, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 310's 2003 records:

Union officers and employees failed to retain adequate documentation for reimbursed expenses and for lodging expenses which were paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

With respect to documentation retained in support of specific disbursements, the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but

also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In addition to the retention of original receipts, union officers failed to record the date and/or purpose of some "labor billable time" claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained. During the exit interview, we discussed samples of blank expense vouchers Local 310 may use that identify the type of information and documentation which must be retained for lost wages and other officer expenses.

As agreed, provided that Local 310 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP also disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 310 recently amended its constitution and bylaws, but a copy of the constitution and bylaws was not filed with Local 310's LM-3 report for that year.

Two copies of Local 310's constitution and bylaws have now been filed.

Also during the audit, you advised that it is Local 310's practice for you to sign all union checks and to stamp the signature of President Diggle on union checks. Your union's bylaws state that checks are to be signed by the president and treasurer. The second 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 by the primary signer of a signature stamp for the second signature does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. We strongly urge you to revise this aspect of your check disbursement procedures.

Finally, the audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 310's officers and employees are currently bonded for \$30,000, but they must be bonded for at least \$35,000. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained as a new case has been opened to address this violation.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Mr. Diggle's successors at whatever time you may leave office.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

Enclosures