



January 12, 2011

Mr. Thomas Bigley, Business Manager
Plumbers Local 27
1040 Montour W IND BLVD
Coraopolis, PA 15108-9407

Case Number: [REDACTED]
LM Number: 016785

Dear Mr. Bigley:

This office has recently completed an audit of Plumbers Local 27 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 on January 10, 2011, 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 27's 2009 records revealed the following recordkeeping violations:

1. General Expenses

Local 27 did not retain adequate documentation for expenses totaling at least \$2,500. For example, Local 27 issued check number 1141, dated April 22, 2009, payable to JR's

Custom's & Repairs in the amount of \$2,500, but failed to retain the original receipt or invoice supporting this disbursement.

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.

2. Meal Expenses

Local 27 did not require officers and employees 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.

Local 27 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 credit card receipt from MAC Desert Ridge (Macaroni Grill) for \$398.84, on March 5, 2009, failed to include a list of attendees and the business purpose of the meal. 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.

3. Vacation Time

As noted during the CAP organizational interview, the local's business manager and each business agent receive two weeks paid vacation; however, the local failed to maintain records accounting for vacation time earned and used. A record of vacation time earned and used by each employee is necessary to ensure the use of vacation is not abused.

Based on your assurance that Local 27 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 27 for the fiscal year ended December 31, 2009, was deficient in the following area:

All Officers and Disbursements to Officers:

Local 27 did not report the names of some officers in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all the labor organizations officers whether or not any salary or other disbursements were made to them or on their behalf by the labor organization. "Officer" is defined in section 3(n) of the LMRDA (29 U.S.C. 402) as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, other executive function of a labor organization, and any member of its executive board or similar governing body."

I am not requiring that Local 27 file an amended LM report for 2009 to correct the deficient items, but Local 27 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Plumbers Local 27 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