

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
517 E. Wisconsin Avenue, Suite 737
Milwaukee, Wisconsin 53202-4504
(414) 297-1501 / FAX: (414) 297-1685



September 30, 2005

Mr. Timothy Inlenfeld, Director
Bricklayers District Council Wisconsin
P.O. Box 510617
New Berlin, WI 53141

Dear Mr. Inlenfeld:

This office has recently completed an audit of Bricklayers District Council Wisconsin 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 September 23, 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.

Recordkeeping Violations

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 recordkeeping violations were revealed during the audit of the Bricklayers District Council's 2004 records:

1. Union officers and employees failed to retain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses which were direct-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.

In the case of the Bricklayers District Council, the audit revealed you and Business Agent David Hahn normally retained restaurant stubs for meal expenses but failed to record the names of

In the case of the Bricklayers District Council, the audit revealed you and Business Agent David Hahn normally retained restaurant stubs for meal expenses but failed to record the names of people present and failed to identify the locations where meal expenses were incurred. For example, records were not retained that identify the locations where you incurred meal expenses on 1/19/04 (\$16) and 3/22/04 (\$20) or where Mr. Hahn incurred meal expenses on 8/9/04 (\$8.50) and 9/27/04 (\$16.21). As another example, no documentation was retained for a \$62.43 credit card expense you incurred at the Roadstar in Green Bay, WI on 8/11/04

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), 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.

2. Bricklayers District Council failed to retain an inventory of masonry tools purchased by the district council and sold to members in 2004. Records must be retained which account for all union property.
3. The audit revealed that dues check-off reports received from Municipal employers of union members were not retained. All records created or used during the course of union business must be retained for five years.
4. The audit revealed that a receipt was not issued or a duplicate receipt was not retained for a \$64.00 cash payment made on 4/19/2004 for a member's monthly dues at the district council's office. The audit also revealed that the amount paid by a member for dues was not recorded on duplicate receipt number 4820. The date, amount, purpose, and payee should be recorded on all receipts issued by the district council for dues payments.

Provided that Bricklayers District Council Wisconsin maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Bricklayers District Council Wisconsin for fiscal year ending December 31, 2004 was deficient in the following areas:

1. The amount of money disbursed by the district council for masonry tools purchased for resale and the money received by the district council from the resale of masonry tools were improperly reported in Schedule 14 (Other Receipts) and Schedule 15 (Other Disbursements).

The purchase of supplies for resale and the money received from the sale of supplies must be reported in Item 45 (Receipts from the Sale of Supplies) and Item 65 (Disbursements for Supplies for Resale). Although Form LM-2 has been revised for fiscal years beginning 7/1/04 receipts from the sale of supplies and disbursements for the purchase of supplies are required to be reported in the same manner on that form.

In addition, the value of any supplies for resale which are on hand at the end of the year should be included in the amount reported in Item 31 and Schedule 3 (Other Assets). On the revised LM-2, Other Assets are reported in Item 28 and Schedule 7.

2. Disbursements to or for officers and employees were not properly reported in Schedule 9 (Disbursements to Officers) and Schedule 10 (Disbursements to Employees). For example, credit card expenses for meals and payments to officers and employees for mileage, per diem, and lodging for the annual convention were not included in the amounts reported in Schedules 9 and 10. Such payments appear to have been improperly reported in Schedule 15 (Other Disbursements).

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Expenses, Including Reimbursed Expenses). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedule 9. However, indirect disbursements for business expenses incurred for transportation by a public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses). Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements)

All direct reimbursements to an officer and indirect disbursements to other parties for meal expenses incurred by your union's officers while conducting union business must be reported in Column F of Schedule 9, and the disbursements may be allocated among the officers who incurred the expenses.

Direct and indirect disbursements to officers and employees are required to be reported in the same manner discussed above on revised Form LM-2; however the item numbers have changed.

I am not requiring that Bricklayers District Council file an amended LM-2 report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

Other Issues

1. The audit revealed that the Bricklayers District Council had \$21,285.85 in dues check-off checks for working dues payments on hand in the district council's office at on 07/12/2005. The check dates ranged from June 15, 2005 to July 8, 2005. Secretary Dara Sievert advise me that she only deposits checks a few times per month because she waits until she has time to record all payments before she deposits the checks. I strongly suggest that the district council deposit its receipts more frequently to avoid any potential problems that can arise concerning the safeguarding of checks and cash retained in the union office for long periods of time.
 2. The audit revealed that the duplicate receipt books used for members dues payments at the district council were not used sequentially in 2004. Use of pre-numbered receipts can be an effective internal financial control. Receipts are typically used in sequential order to ensure that all receipts are properly used and accounted for. I suggest that the District Council use the duplicate receipt books in sequential order in the future to take full advantage of the safeguards that the use of duplicate receipts can provide.
 3. The audit revealed that the District Council has one credit card that is shared by several officers and employees. During the exit interview, Office Manager JoAnn Bernal advised that she has possession of the card when it is not in use, and that when she provides it to an officer or employee, she records their name on a "post-it" note which is thrown away after the card is returned. To ensure that the credit card is properly safeguarded and enable the District Council to identify which officer or employee incurred charges on specific dates, I suggest that the officers and employees who use the credit card record their name and the dates they used the card on an office log or journal.
- I want to extend my personal appreciation to you, Office Manager JoAnn Bernal, Secretary Janet Schwes, and Secretary Dara Sievert, 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,

7(c)

Investigator

cc: Jeff Leckwee, executive board member

2