



October 27, 2005

Mr. Craig Votrian, Business Agent
Plasterers & Cement Masons Local 90
820 Lions Drive
Troy, Illinois 62294

Dear Mr. Votrian:

This office has recently completed an audit of Plasterers & Cement Masons Local 90 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 October 20, 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.

The CAP disclosed a violation of Section 502 (Bonding) of the LMRDA, 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 90 is currently bonded for \$75,000, but they need to be bonded for at least \$78,287. The union should obtain adequate bonding coverage immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

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 deficiencies were revealed during the audit of Local 90's records:

The local does not maintain any type of lost time voucher or voucher that justifies the payment of officers their regular salary for handling union business. Although work papers are maintained to record lost time hours, to be in compliance, the union officers must submit some kind of signed record that identifies the date, number of hours worked, rate of pay and business

purpose (reason) for lost wages. We discussed examples of vouchers at our closing interview. Please ensure your officers are submitting signed vouchers for approval and you are returning these vouchers.

The local, during the audit year, had not been retaining all voided checks. It is an important record keeping requirement to clearly mark "VOID," but to retain all voided checks. It is essential to be able to account for all checks, even the voided checks and not to have any missing checks during the course of the year.

It is also recommended that the local shore up a perceived weakness in its internal financial controls. Local 90's bank accounts require that checks have two signatures to negotiate. The second signature requirement is an effective internal control of union funds. The use of a signature stamp for a second signature does not attest to the authenticity of the completed check, and undermines the purpose of the counter signature requirement. You may want to revise this aspect of your check disbursement procedures.

The CAP disclosed a violation of LMRDA Section 201(b), because the Form LM-2 filed for fiscal year ending June 30, 2004, was deficient. The following deficient items were identified:

Disbursements for the operation and maintenance of union automobiles were not reported properly. The LM-2 instructions provide two alternatives for reporting automobile related expenses. Direct and indirect disbursements for union owned vehicles must be reported in Schedule 9, instead of Schedule 13, as they were reported on the Form LM-2 for fiscal year ending June 30, 2004. The expenses may be divided and reported in Columns F and G based on mileage driven on union business compared with mileage in personal use. The other alternative, rather than allocating expenses between Columns F and G, if more than 50% of an officer's use of a vehicle was for official business, the union may report all expenses in Column F of Schedule 9 with an explanation in Item 75 (Additional Information) that the vehicle was used part time for personal business.

It will be necessary for Local 90 to file an amended LM-2 report for fiscal year ending June 30, 2004, to correct the deficient issue discussed above. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than November 9, 2005. Before mailing, review the report carefully to be sure it is complete, accurate, signed properly with original signatures, and is marked "AMENDED" in Item 3 on the front page of the report.

The LMRDA requires that unions submit a copy of their current local constitution and bylaws with its LM report when bylaws changes are made. The undersigned investigator received the local's most recent constitution during the audit, but a copy of the constitution had not been filed with Local 90's LM-2 report for quite some time. As agreed, the local will be sure to file any amended constitutions with the LM report in the future.

Please share this letter with your officers so they are aware of the reporting and record keeping requirements of the LMRDA. I want to extend my personal appreciation for your and Diane Grote's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

Dennis L. Eckert
District Director

By: *FCC*
Investigator

cc: John Simpson, CPA

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