

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street, Room 9.109E
St. Louis, MO 63103
(314) 539-2667 Fax: (314) 539-2626



December 15, 2009

Mr. William Weinhoffer, Business Agent
Plumbers AFL-CIO
Local 160
901 Mulberry Street
Murphysboro, IL 62966

LM File Number 002-592
Case Number: [REDACTED]

Dear Mr. Weinhoffer:

This office has recently completed an audit of Plumbers Local 160 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 March 24, 2009, 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 160's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 160 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by you and Rudy Amaro totaling at least \$500 per month. For example, the local did not maintain any back-up documentation for gasoline, meal, office supply, or travel-related credit card disbursements. The only form of back-up documentation maintained for most credit card disbursements was the credit card statement.

As previously 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. You have agreed to maintain all back-up documentation for expenses and credit card disbursements from this point forward.

2. Meal Expenses

Local 160 did not require the business agent 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 160 records of meal expenses rarely included an invoice and did not include written explanations of union business conducted or the names and titles of the

persons incurring the restaurant charges. For example, a credit card disbursement was made on December 12, 2008 at Tom's Place Restaurant for \$911.63, but the union did not have any back-up documentation for this expense. Union records of meal expenses must include an invoice including 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. You have agreed to maintain all meal invoices and record the required information on the invoices from this point forward.

3. Disposition of Property

Local 160 did not maintain an inventory of hats, decals, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union hats, decals and other items.

4. Lack of Salary Authorization

Local 160 did not maintain records to verify the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 were the authorized amount and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. For example, there was no record in the union records of the proper salary level for you or Office Secretary Marilyn Perry. You agreed to include authorization of the salaries in the meeting minutes.

Based on your assurance that Local 160 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 160 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Automobile Expenses

Local 160 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of union automobiles totaling at least \$400 per month.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

2. Disbursements to Officers and Employees

Local 160 did not include some payments to officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. For example, meal expenses and gasoline charges should be reported in Column F. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

3. Reporting Accounts

The LM-2 report for fiscal year ending December 31, 2007 did not include all of the local's assets. These LM reports do not include the union's Voluntary/Emergency Fund or the Member Savings Fund. Both of these bank accounts are operated by Local 160 and thus are union funds which must be reported on the local's LM report. You agreed these accounts are union funds and will report these assets on the 2008 LM-2 report and all future reports.

I am not requiring that Local 160 file an amended LM report for 2007 to correct the deficient items, but Local 160 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 160 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. For example, you stated purchases over a certain amount are first approved by the executive board and/or membership, but this policy is not in writing in any union document. OLMS recommends that unions adopt written guidelines concerning such matters. You agreed to address this issue with either the executive board or the membership and provide a clear expense policy.

2. Two-Signature Requirement

During the audit, you advised it is Local 160's practice for the business agent to sign all union checks with no second signature required. Section 11 of Local 160's bylaws state the president shall co-sign all checks. The two-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, if Local 160 chooses not to follow this procedure, the change in policy should be properly approved and stated in the local's bylaws or in the meeting minutes. During the exit interview, you agreed to address this issue at a membership meeting.

I want to extend my personal appreciation to Plumbers Local 160 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: Scott Stanley, President