

U.S. Department of Labor

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July 18, 2008

Mr. Oather Duncan
Business Manager/Financial Secretary
Roofers Local 119
2702 South Foltz Street
Indianapolis, Indiana 46241

LM File Number: 033-087
Case Number: [REDACTED]

Dear Mr. Duncan:

This office has recently completed an audit of Roofers Local 119 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 and President Karen Mercer on March 13, 2008, 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 of the LMRDA 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 119's 2007 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 119's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Lack of Salary Authorization

Local 119 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show all current salaries authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 119 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 119 for fiscal year ending June 30, 2004 was deficient in that the local amended its constitution and bylaws during the year, but did not file a copy along with its LM-2 report. LMRDA Section 201(a) requires that a union submit a copy of its revised

constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 119 has now filed a copy of its constitution and bylaws. Therefore, no further action is necessary regarding this violation.

Other Issues

1. Dual Signatures

During the audit, you and President Mercer advised me that it is the local's practice for only one officer to sign union checks. Typically, you sign the union checks. However, President Mercer signs checks in your absence. OLMS recommends that Local 119 establish a dual signature policy requiring the signatures of both the business manager/financial secretary and president on all union checks. A two signature requirement would be an effective internal control of union funds.

2. Credit Card / Gas Cards / Cell Phone Policy

The audit revealed that Local 119 has set criteria for the appropriate use of the union's credit card, gas cards, and cell phones. However, as I discussed during the exit interview, these policies have not been reduced to writing. OLMS recommends that Local 119 adopt written guidelines concerning the usage of the union's credit card, gas cards, and cell phones.

I want to extend my personal appreciation to Roofers Local 119 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: Karen Mercer, President Local 119