

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Denver District Office
1999 Broadway, Suite 2435
Denver, CO 80202-5712
(720) 264-3232 Fax:(720) 264-3230



January 30, 2009

Mr. Dale Solano, Business Representative
Roofers Local 58
404 N Spruce St.
Colorado Springs, CO 80905-1111

LM File Number: 066-921
Case Number: [REDACTED]

Dear Mr. Solano:

This office has recently completed an audit of Roofers Local 58 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 23, 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 Violation

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 recipients 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 7029's 2007 records revealed the following recordkeeping violation:

Failure to Maintain Records

Local 58 did not retain adequate documentation for credit card, check and cash expenses incurred by union officers totaling at least \$8,000. For example, union officers purchased gas and office supplies on the union credit cards but did not retain the original receipts.

As previously noted above, labor organizations must maintain all union records used or received in the course of union business. 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.

Based on your assurance that Local 58 will retain adequate documentation and maintain all union records used or received in the course of union business in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Union Owned Vehicles

Local 58 incurred expenses totaling at least \$3,000 for automobiles during 2007. However, Local 58 did not maintain records documenting business versus personal use of the union vehicles.

The LM-3 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Item 24 of the LM-3, allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

2. Lack of Salary Authorization

Local 58 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was 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.

3. Signing Blank Checks

During the audit, you advised that Recording Secretary Steve Brunette signs blank 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 58 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Roofers Local 58 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,

Jena de Mers Raney
District Director