

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 10, 2005

Mr. Timothy Moore
Secretary-Treasurer
Laborers, AFL-CIO, LU 269
13256 S. Brandon Ave.
Chicago, IL 60633-1453

Re: Case No. 2

Dear Mr. Moore:

This office recently completed an audit of Laborers Local 269, 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 Business Manager William C. Kelly, 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.

Record Keeping 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 CAP disclosed a violation of LMRDA Section 206 because the local failed to retain adequate documentation relating to the following transaction for fiscal year ending December 31, 2003:

- Secretary-Treasurer Moore and Business Manager Kelly failed to retain adequate documentation for all expenses charged to union credit cards. The date, amount and 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.
- The local purchased an airline ticket for Business Manager Kelly's wife to attend a 2003 LIUNA conference in Las Vegas but the local was unable to produce any documentation that supported the local's payment of her ticket.

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.

As agreed, Secretary-Treasurer Moore and Business Manager Kelly agreed to raise the issue regarding payment of the airline ticket before the Executive Board at their next meeting. In addition, provided that Local 269 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

I urge Local 269 to adopt clear guidelines regarding what types of expenses personnel may charge with union credit cards and what kinds of out-of-pocket expenses personnel may be reimbursed for. Our office is certainly available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

Reporting Violations

LMRDA Title II Section 201 (b) stipulates that every labor organization shall file an annual financial report, signed by its president and treasurer or corresponding principal officers, with the Secretary of Labor. This report must contain detailed and accurate financial information necessary to disclose its financial condition and operations for the preceding fiscal year.

The CAP disclosed a violation of LMRDA Section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Local 269 for fiscal year ending December 31, 2003 was deficient in the following areas:

- The local recorded a \$500 allowance that was made to Business Manager Kelly for his trip to Las Vegas under item 73 "other disbursements" when it should have been recorded as a payment corresponding to Kelly's name on Schedule 9 "All Officers and Disbursements to Officers".
- The local answered item 13 on their LM-2 with a "no" when they disposed of union property in a manner other than sale. Based on the fact that the local gave away clothing and hats to the members during the fiscal year, this item should have been answered "yes" along with an explanation entry in item 75 as stipulated in the LM-2 instructions.

I am not requiring that Local 269 file an amended LM- report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

In closing, I strongly recommend that you make sure this letter and the compliance assistance material provided to you are thoroughly reviewed and ultimately passed on to your successor(s) at whatever time you leave office. I want to thank you and Mr. Kelly for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

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Investigator