



October 12, 2010

Mr. Anthony Brice, Secretary/Treasurer  
Laborers Local 265  
3457 Montgomery Road  
Cincinnati, Ohio 45207

Case Number: [REDACTED]  
LM Number: 042-012

Dear Mr. Brice:

This office has recently completed an audit of Laborers Local 265 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 John Phillips on September 29, 2010, 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 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 265's 2009 records revealed the following recordkeeping violation:

1. Credit Card Expenses

Local 265 did not retain adequate documentation for credit card expenses incurred by union officers. Specifically, the local did not retain any of the vendor receipts for fuel purchased for the union's automobiles.

As 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.

Based on your assurance that Local 265 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Other Issue

As we discussed during the exit interview, the audit revealed that Local 265 lacks a clear policy regarding the types of expenses which may be charged to its union credit cards.

For example, union officers are paid per diem for union travel, but are also permitted to charge meal and other incidental expenses to their union credit cards when traveling. The union pays the credit card bills and officers are not required to reimburse the union any portion of the per diem, even if all travel expenses were charged to the union credit card. Apparently, "per diem" at Local 265 is meant to cover expenses that cannot be charged to the credit cards and officers are not required to account for how they spend their per diem. The local's attorney advised me that Local 265's members are aware of and have approved this longstanding practice.

However, I reviewed the meeting minutes and could not find a clear explanation of how per diem and credit cards are supposed to be handled at Local 265. Therefore, to avoid any misunderstanding, OLMS recommends that Local 265 adopt a written guideline expressly detailing the types of charges officers are authorized to make on the union's credit cards.

I want to extend my personal appreciation to Laborers Local 265 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