



December 2, 2010

Mr. Anthony D'Antuono, Business Manager/Financial Secretary
Plasterers and Cement Masons Local 40
22 Amflex Drive
Cranston, RI 02921-2021

Case Number: [REDACTED]
LM Number: 033902

Dear Mr. D'Antuono:

This office has recently completed an audit of Plasterers and Cement Masons Local 40 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 November 10, 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.

Record Keeping 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 40's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 40 did not retain adequate documentation for reimbursed expenses incurred by Anthony D'Antuono and Richard D'Antuono totaling at least \$815. For example, A payment of \$270 was made to Anthony D'Antuono as a reimbursement payment for an automobile that he rented. A credit card statement that showed the rental car payment was included in the union's records, but an original receipt was missing. In addition to this, \$165 of reimbursed expense payments to Richard D'Antuono for meals and taxi fares while on union travel in Washington D.C. lacked appropriate receipt documentation.

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.

2. Lost Wages

Local 40 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,190. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 40 retained check copies that indicated the description of the union business conducted, but did not show the hours, dates, and rate of pay for these disbursements.

During the exit interview, I provided a sample of an expense voucher Local 40 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 40 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 LM-3 filed by Local 40 for the fiscal year ended 06/30/09, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 LM-3 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets totaling more than \$2,683 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers (LM-3)

Local 40 did not include some lost time salary payments to officers totaling at least \$1,140 in the amounts reported Item 24 column D (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 24 column E.

The union must report most direct disbursements to Local 40 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 40 file an amended LM report for 2009 to correct the deficient items, but Local 40 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violations:

Local 40 appears to have made a duplicate travel expense payment to Richard D'Antuono in the amount of \$41.30 by reimbursing him twice for meals taken during his trip to Washington D.C. for the National Building Trades Conference in May, 2009. The local appears to have reimbursed D'Antuono for his hotel expenses, which included the afore mentioned meals, and also made a payment to him for the meals as a line item expense on his travel voucher. It appears that this error was clerical in nature. Cross checking all receipts and invoices for travel expenses submitted by union officers and employees will prevent this from happening in the future.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 40 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. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Duplicate Receipts

Members of Local 40 pay initiation fees directly to the union. Anthony D'Antuono records initiation payments in union records, but he does not issue receipts to dues payers. OLMS recommends that Local 40 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

3. Bonding

OLMS is currently examining the adequacy of the bond held by Local 40. During the audit OLMS learned that Administration Services, a third party, receives and deposits dues payments on behalf of Local 40. We will advise you if any changes will need to be made to your bond.

Sincerely,



Investigator

cc: Mr. Richard D'Antuono, President