



May 14, 2015

Mr. Barry Evans, Business Manager
Plumbers & Pipefitters Local 94
3919 13th Street, SW
Canton, OH 44710

Case Number: 350-6000506()
LM Number: 041401

Dear Mr. Evans:

This office has recently completed an audit of Plumbers & Pipefitters Local 94 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 April 24, 2015, 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.

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 (Form LM-2) filed by Local 94 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 (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 t-shirts, jackets, and other items totaling more than \$13,000 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."

2. Disbursements to Officers and Employees

Local 94 did not include some reimbursements to officers in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedule 11 (Disbursements for Official Business) direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedule 11 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedule 11 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

3. Automobile Expenses

Local 94 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of union automobiles.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedule 11 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer in Column F of Schedule 11 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer used the vehicle partly for official business.

4. Failure to Itemize Disbursement or Receipt

Local 94 did not properly report some "major" transaction(s) in Schedule 18. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. For example,

the audit found that an invoice in the amount of \$9,538 payable to Hein Construction for work performed on the lobby of the union hall was not itemized on Schedule 18.

I am not requiring that Local 94 file an amended LM report for 2014 to correct the deficient items, but Local 94 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Inventory List

Local 94 does not currently maintain an inventory list. Their union hall contains numerous items of furniture and equipment. In addition, the union normally has a supply of t-shirts and other union logo items on hand for distribution to members. It is in the best interest of the union that a record of these assets be maintained and updated on a regular basis.

2. Use of Signature Stamp

During the audit, you advised that it is Local 94's practice to require two signatures on all checks. If one of the signatory officers is not available to sign a check, a signature stamp is used. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 94 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Plumbers & Pipefitters Local 94 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: Mr. Dana D. Shanower, President