



February 9, 2011

Mr. Randy Scott, Executive Secretary Treasurer  
Plumbers State Association  
8501 Zenith Court Northeast  
Lacey, WA 98516

Case Number: [REDACTED]  
LM Number: 002166

Dear Mr. Scott:

This office has recently completed an audit of Plumbers SA 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 December 7, 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 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 the Plumbers State Association of Washington's 2009 records revealed the following recordkeeping violations:

1. Credit Card Expenses

The Washington State Association did not retain adequate documentation for credit card expenses incurred by union officers and employees. A 2-month sample of credit card expenses revealed that the union did not retain at least 52 receipts totaling \$3,323.26.

As previously 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. Meal Expenses

The Washington State Association did not require officers and employees to submit itemized receipts for meal expenses. A 2-month sample of credit card expenses revealed that at least 31 meal receipts totaling at least \$1,719.71 were not itemized. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that the Washington State Association will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

#### Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. The Washington State Association amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. The Washington State Association has now filed a copy of its constitution and bylaws.

### Other Violation

The audit disclosed the following other violation:

#### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The Washington State Association's officers and employees are currently bonded for \$450,000, but they must be bonded for at least \$483,643. The State Association should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding

coverage to this office as soon as possible, but not later than February 25, 2011.

I want to extend my personal appreciation to Plumbers SA 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. Richard Berglund, President