


U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Houston Resident Investigator Office
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December 16, 2005

Kelly Weatherton, Jr., Secretary-Treasurer
PACE Local 4-677
P.O. Box 1320
Minden, Louisiana 71058

Re: 

Dear Mr. Weatherton:

This office has recently completed an audit of PACE Local 4-677 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, as Amended (LMRDA). As discussed during the exit interview with you on December 14, 2005, 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.

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 proper maintenance of union records is the personal responsibility of the individuals who are required to file the annual LM report.

Local 4-677 failed to retain all receipts supporting the local's disbursement activity. Some receipts regarding the purchase of flowers and hotel room rental for membership meetings were not retained. The local must retain all receipts detailing information about the local's purchases.

Local 4-677 failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained. During the exit interview, we reviewed samples of PACE lost time vouchers and discussed the type of information and documentation which must be retained for lost wages and other officer expenses.

As agreed, provided that Local 4-677 maintains all disbursement receipts and proper lost time records, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 4-677 for fiscal year ending December 31, 2004 failed to meet the standards of acceptability.

Local 4-677 failed to correctly report where the local's records are kept in Item 9 on the LM-3 report filed with this agency. The physical location of the local's records must be correctly reported on the LM-3 report.

Local 4-677 erroneously reported a \$1,273.18 "Department of Labor" refund in Item #38 "Dues" on the local's LM-3 report. Information reported in Item #38 only includes dues received directly by your local from members, dues received from a check off arrangement, and dues transmitted to your local by a parent body or other affiliate. This refund must be reported in Item #43 "Other Receipts".

Local 4-677 erroneously reported a per capita tax payment to the Louisiana AFL-CIO in Item #54 "Other Disbursements" instead of Item #47 "Per Capita Tax". Information to be reported in Item #47 includes the total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other labor organization. All per capita payments must be reported in Item #47.

Local 4-677 erroneously reported payments to hotels for membership meetings in Item #49 "Professional Fees" instead of Item #48 "Office and Administrative Expense". Payments to be reported in Item #49 include disbursements for "outside" legal fees, auditing fees and other professional services. Disbursements to hotels for membership meeting room rentals, as an ordinary cost of performing the local's administrative functions, must be reported in Item #48.

Local 4-677 erroneously reported payments for flowers for deceased members and former members in Item #49 "Professional Fees" instead of Item #51 "Contributions, Gifts and Grants". All disbursements made by the local as a gift or contribution must be reported in Item #51.

I am not requiring that Local 4-677 file an amended LM-3 report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided are shared with all of the officers of your Local.

I want to thank you 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,

7(LC)

Investigator

cc: President Randle Lewis