



September 30, 2010

Mr. James Harper Sr., Secretary-Treasurer
Laborers District Council Metropolitan Philadelphia
520 N. Delaware Avenue Suite 201
Philadelphia, PA 19123

Case Number: [REDACTED]
LM Number: 008145

Dear Mr. Harper Sr.:

This office has recently completed an audit of Laborers District Council Philadelphia 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 President Daniel Woodall, Vice President Milton Campbell, Business Manager Ryan Boyer, Delegate James Harper Jr., Delegate Walter Higgins, Joel Trigiani, Esquire, CPA Perry Blackman, Jodi Blackman and you on September 30, 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 District Council's 2009 records revealed the following recordkeeping violations:

1. Credit Card Expenses

The District Council did not retain adequate documentation for credit card expenses incurred by officers and employees totaling at least \$5,837.85. For example, Director of Government Relations Kenneth Washington in August 2009 traveled to Harrisburg, PA and failed to maintain lodging and meal receipts totaling \$905.59; President Daniel Woodall Jr. in October 2009 traveled to San Diego, CA; Harrisburg, PA; and Hollywood, FL and failed to maintain transportation, lodging and meal receipts totaling \$1,451.92 and Recording Secretary Samuel Staten Jr. in October 2009 traveled to San Diego, CA and failed to maintain meals, lodging and parking receipts totaling \$926.51.

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. Union Owned/Leased Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2.

The District Council incurred expenses totaling at least \$68,394.13 for automobiles during 2009. However, the District Council did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2, allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

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

Other Issue

Reimbursement Procedure

The District Council permits officers and employees to use the council's credit cards for travel authorized by associated entities such as the LDC Pension Fund, Health and Welfare Fund and local unions. Upon completion of travel, the officer or employee is required submit a travel

voucher with the council which in turn initiates a request for reimbursement from the funds or local.

The audit disclosed several incidents for which the council was due reimbursement of travel expense from the LDC Pension Fund and Local 135. Between June 8, 2009 and June 13, 2009 President Daniel Woodall Jr. traveled for Pension Fund business and charged \$1,491.60 to the council's credit card for transportation, lodging and meals. On June 2, 2009 President Woodall Jr. charged airfare for LIUNA Local 135 business to the council's credit card in the amount \$614.40. Between August 11, 2009 and August 16, 2009 President Woodall Jr. traveled for Pension Fund business and charged \$1,512.62 to the council's credit card for transportation, lodging and meals. During the audit, full reimbursements were made to the council by the LDC Pension Fund and Local 135.

It is recommended that the District Council closely monitor credit card charges and travel expenses to insure complete and timely reimbursement of council funds for expenses incurred on behalf of associated funds and locals.

I want to extend my personal appreciation to the Laborers District Council 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,



Supervisory Investigator

cc: Mr. Daniel Woodall, President
Mr. Perry Blackman, CPA