

U.S. Department of Labor

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December 15, 2009

Mr. Donald Willey, Business Manager
Laborers
Local 110
11000 Lin Valle Drive
St. Louis, MO 63123-7215

LM File Number 023-844
Case Number: [REDACTED]

Dear Mr. Willey:

This office has recently completed an audit of Laborers Local 110 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, Financial Secretary Thomas Daniels, Office Secretary Carole Meier, and CPA Mark Hollman on April 20, 2009, 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 Violation

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 110's records for fiscal year ending June 30, 2008 revealed the following recordkeeping violation:

Back-up Documentation for Disbursements

Local 110 did not retain adequate documentation for several disbursements during the fiscal year. For example, Local 110 had no invoice on file for a disbursement to Grace Christian Academy in the amount of \$36,250. An invoice was requested and acquired during the course of the audit from the vendor.

As previously noted, 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.

Based on your assurance that Local 110 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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 110 for fiscal year ending June 30, 2008, was deficient in that:

Disbursements to Officers

Local 110 did not include some officer expenses totaling at least \$500 in Schedule 11 (All Officers and Disbursements to Officers). Specifically, the local's LM-2 report did not properly report officer expenses charged to the local's Visa credit card. It appears the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 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 Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 110 file an amended LM report for 2008 to correct the deficient item, but Local 110 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Issue

Use of Signature Stamp

During the audit, you advised it is Local 110's practice for you to sign all union checks and to often stamp the signature of President Gary Elliott on union checks. Article IV, Section 4 of the Uniform Local Union Constitution of the Laborers' International Union of North America requires that checks be signed by the president and secretary-treasurer. 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 110 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Laborers Local 110 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

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passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Thomas Daniels, Financial Secretary