

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street, Suite 9.109E
St. Louis, Missouri 63103
(314) 539-2667 / Fax: (314) 539-2626



March 29, 2005

Mr. Earl Agan
Business Manager/Financial Secretary
Plasterers and Cement Masons Local 21
1501 East Aurora Avenue
Des Moines, Iowa 50313-3912

Dear Mr. Agan:

This office has recently completed an audit of Plasterers and Cement Masons Local 21 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 March 17, 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.

The CAP disclosed a violation of LMRDA Section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaws changes are made. Local 21 amended its constitution and bylaws in 2000, but a copy of the constitution and bylaws was not filed with Local 21's LM-3 report for that year. As a copy of the current constitution and bylaws was obtained during the audit, no further action is required 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 21 for fiscal year ending December 31, 2003, failed to meet the standards of acceptability.

The following deficient items were identified:

1. Incorrect bond amount is reported in Item 20.
2. All individuals who held office during the audit year are not properly reported in Item 24.
3. All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in Item 24. Specifically, the weekly expense allowance paid to you is reported incorrectly in Item 24, Column D. Allowances are reportable in Column E of Item 24. In addition, meal expenses charged to the local's credit cards are reportable as an indirect disbursement on behalf of that officer in Column E of Item 24.
4. Disbursements for the operation and maintenance of the union's truck were not properly reported. The LM-3 instructions for Item 24 require that the total maintenance and operating costs of any vehicle owned or leased by your organization and assigned to an officer regardless of whether the use was for

official business or for the personal benefit of the officer must be reported in Column E of Item 24 (Allowances and Other disbursements).

5. Monthly loan payments being made for the union's vehicle is incorrectly reported in Item 53 on the LM-3. Disbursements for repayment of loans obtained are properly reported in Item 54.

An amended LM-3 report for fiscal year ending December 31, 2003, correcting these above deficiencies should be filed with our St. Louis District Office by April 29, 2005.

The audit also revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 21's officers and employees are currently bonded for \$25,000, but they must be bonded for at least \$26,000. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained. *(Rec'd 3/30)*

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 following record keeping deficiencies were revealed during the audit of Local 21's 2003 records:

1. Payroll timesheets being submitted by Office Secretary Paula Agan did not always adequately describe the specific days and hours being worked.
2. Dues check-off lists were not being maintained by the local.
3. Meal ticket receipts did not adequately identify the individuals who incurred the meal expense or the general union business purpose for the expense.
4. The local's receipt records failed to adequately breakdown or identify the date, purpose, amount, and payee of monies being received from miscellaneous sources.

As you agreed to make changes to your record keeping system to resolve these deficiencies, no further action is contemplated.

During the audit, I also advised you that authorization of the hourly salary amount paid to Paula Agan could not be found in the union records. I suggest that Local 21 take steps to record the authorized salary amount by discussing them at a future meeting and recording them in meeting minutes or some other

internal document When the authorized salary has been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

Also, the audit disclosed that an airline ticket credit card charge paid by the union for Paula Agan in July 2003 totaling \$280.50 has not been reimbursed to the local. It was agreed that the local would be reimbursed immediately for this personal expense with proof of the payment provided to our office.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Senior Investigator

cc: Mr. Don Anderson, President

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