

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Denver District Office  
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12/29/04  
PACE AFL-CIO  
Local 05-477  
5800 West 73<sup>rd</sup> Ave  
Arvada, CO 80003

Re:

Dear Mr. Hutchison:

This Office has recently completed an audit of PACE AFL-CIO, Local 05-477 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Secretary Treasurer William Hutchison on December 29, 2004, 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.

Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

For LM reporting purposes, certificates of deposit are considered to be cash (regardless of the length of their term). The purchase or redemption of a certificate of deposit is simply a transfer of cash from one account to the other and therefore should not be reported either as a receipt or disbursement.

I recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successors at whatever time you may leave office.

I want to thank William Hutchison and PACE local 05-477 for their 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,

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Investigator

cc: Treasurer/President