

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
310 West Wisconsin Avenue
Room 1160
Milwaukee, WI 53203
(414)297-1501 Fax: (414)297-1685



November 17, 2008

Mr. James Williams, President
Operative Plasterers and Cement Masons Local 599
2360 N. 124th Street, Room 200
Wauwatosa, WI 53226

LM File Number: 541-342
Case Number: [REDACTED]

Dear Mr. Williams:

This office has recently completed an audit of Plasterers and Cement Masons, Local 599 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 Business Manager Terrence Ullsperger, Secretary-Treasurer Scott Hink, and Office Manager Laurie Barker on November 10, 2008, 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 Local 599's 2007 records revealed the following recordkeeping violation:

1. Reimbursed Auto Expenses

Local 599 did not maintain adequate documentation for automobile expense reimbursements. During the audit year, officers were reimbursed for at least \$32,246.97 for business use of their personal vehicles; however, sufficient supporting documentation for at least \$5,768.94 was not maintained. In the case of Local 599, officers typically recorded the dates of travel, locations traveled to and from, the number of miles driven, and the business purpose for each trip. However, Business Agent Randall Hink did not always record the business purpose for each trip. Records which identify the dates of travel, locations traveled to and from, and number of miles driven must be maintained. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

2. QuickBooks Balance Adjustments

Local 599 failed to retain adequate records in support of "Balance Adjustments" made to the cash account in the union's QuickBooks file. The audit revealed that some officers' and employees' salaries are paid by direct deposit through the union's outside payroll service, while others are paid by checks (drawn on the unions account) issued by the same company. Office Manager Laurie Barker advised that she makes "Balance Adjustment" entries in QuickBooks to more specifically reflect the actual payroll expenses incurred in a given month. However, those adjustments are reflected on the union's general ledger as positive and negative adjustments identified only as "Balance Adjustments." The records retained in support of these transactions are not sufficient for OLMS to verify how such transactions were reported on the Labor Organization Annual Report (Form LM-2). During the exit interview I suggested that adjustments for salary expenses be recorded in the union's general ledger in the bookkeeping account designated for salary expenses.

Based on your assurance that Local 599 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 599 for fiscal year ending December 31, 2007, was deficient in the following areas:

Employee Salaries

Local 599 failed to report some employees' salaries on Schedule 12 (Disbursement to Employees). Some members are paid \$15 per meeting to be chairperson or recording secretary at area meetings. These payments are not reported on Schedule 12. The instructions for Form LM-2 require labor organizations to "Report all direct and indirect disbursements to employees of the labor organization during the reporting period." All employees must be reported on Schedule 12 of the LM-2. If an employee received less than \$10,000 in payments, the amount paid to the employee should be reported on Schedule 12, Line 6 (Totals Received By Employees Making Less Than \$10,000).

I am not requiring that Local 599 file an amended LM report for 2007 to correct the deficient items, but Local 599 has agreed to properly report employee salaries on all future reports it files with OLMS.

Other Issue

Deposit of Receipts

Members of Local 599 can pay monthly dues at the union office or to a business agent. If a business agent collects dues in the field, the dues are given to Ms. Barker for recording and held at the union office until they are deposited. During the audit, it was revealed that not all dues receipts are deposited in a timely fashion. For example, several dues receipts received by former Business Manager Thomas Reiherzer beginning in April 2007 were not deposited until November 16, 2007. OLMS recommends that all funds be deposited promptly to ensure effective internal control over union funds.

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I want to extend my personal appreciation to Plasterers and Cement Masons, Local 599 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,



Investigator

cc: Terrence Ullsperger, Business Manager
Scott Hink, Secretary-Treasurer