

U.S. Department of Labor

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June 2,2008

Mr. Roger Baum, Business Manager / Financial Secretary-Treasurer
Plumbers, AFL-CIO
Local 502
1317 Berry Boulevard
Louisville, KY 40215

LM File Number: 543-051
Case Number: [REDACTED]

Dear Mr. Baum:

This office has recently completed an audit of Plumbers Local 502 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 Office Manager Jo Ann Brabandt on May 29,2008, 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 502's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 502 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees. For example, out of the \$2,057.40 in expense reimbursements paid during the audit period, \$688.86 (34%) were without supporting documentation. In addition, the union did not maintain adequate supporting documentation for \$7,217.86 worth of credit card charges:

As previously 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. Meal Expenses

Local 502 did not require officers and employees to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 502 records of meal expenses did not always include written explanations of union business conducted, or the names and titles of the persons incurring the restaurant charges. For example, the union spent a total of \$6,229.35 on meals during six months of the audit period. The supporting documentation for \$2,537.74 (41%) of those meal-related charges did not indicate a union purpose. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

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As agreed, provided that Local 502 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

I want to extend my personal appreciation to Plumbers Local 502 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance 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: President Joseph Warren