

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
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August 2, 2006

Mr. Stephen Pigg, Business Manager
Asbestos Workers, AFL-CIO
Local 80
7901 State Route 34
Winfield, WV 25213

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Pigg:

This office has recently completed an audit of Asbestos Workers Local 80 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 President Steven Keller, Financial Secretary Mike Bittle, and Business Agent Greg Kincaid on July 27, 2006, 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 Title II of the LMRDA. Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

The audit of Local 80's 2005 records revealed the following recordkeeping violations:

In the case of receipts (income), the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. The union uses QuickBooks to record union receipts. In addition to the source, the method of payment of individual dues payments should be recorded in QuickBooks so that those members paying dues by cash may be as easily identified to deposits as those members paying dues by check or money order.

Union officers failed to maintain adequate documentation for reimbursed expenses for union expenses charged to personal credit cards. The date, amount, and business purpose of every expense must be recorded on at least one union record. The use of travel vouchers to record out-of-town expenses may facilitate such documentation. For locally incurred restaurant expenses, the officer should record either on the receipt turned-in or on the credit card statement, the purpose of the meeting, the names of individuals in attendance, as well as the name of the restaurant.

Checks that were voided and not issued were not retained. At the completion of each year, the union did not retain check stubs. Both of these categories of records must be maintained.

When the union gifts items of substantial value to members at union-sponsored events, the name of each member receiving the gift should be recorded in union records, this currently is not practiced.

As agreed, provided that Local 80 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.


The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union 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 80's officers and employees are currently bonded for \$170,000, but they must be bonded for at least \$243,717.66.

Local 80 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, but not later than August 31, 2006.

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I want to extend my personal appreciation to Asbestos Workers Local 80 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: Steven Keller, President