



May 9, 2024

Mr. Steven Parker, President
Building & Construction Trades Council Sabine Area
P.O. Box 22523
Beaumont, TX 77720

Case Number: 420-6027604()
LM Number: 063317

Dear Mr. Parker:

This office has recently completed an audit of Building & Construction Trades Council (BCTC) Sabine Area 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 you, Treasurer Justin Cooper, and Attorney Patrick Flynn on May 7, 2024, 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 BCTC Sabine Area records revealed the following recordkeeping violations:

- 1) All disbursements do not contain adequate supporting documentation

BCTC Sabine Area did not always retain supporting documentation for union check disbursements totaling at least \$2,600 to Vidor High School for donations, Pipefitters 211 for event reimbursement, and Nerd Family Productions for a website.

Labor organizations must retain original itemized 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.

The OLMS Compliance Tip, *Authorization and Documentation of Expenditures*, will provide further guidance on this matter.

2) Meal Expenses

BCTC Sabine Area did not always maintain itemized receipts for meal expenses or receipts did not contain the names and titles of the persons incurring the meal charges totaling at least \$2,100. Union records of meal expenses must include itemized receipts, 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.

The OLMS Compliance Tips, *Reimbursed Travel Expense Payments, and Union Credit Card Policy*, will provide further guidance on this matter.

Reporting Violations

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-3 filed by BCTC Sabine Area for the fiscal year ended December 31, 2022, was deficient in the following areas:

Disbursements to Officers and Members

BCTC Sabine Area did not include some reimbursements to officers totaling at least \$875 in the amounts reported Item 24 (All Officers and Disbursements to Officers) and to members totaling at least \$2,000 in the amounts reported Item 46 (To Employees). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense). Direct disbursements to employees for reimbursement of expenses they incurred while conducting union business must be reported in Item 46 (To Employees).

BCTC Sabine Area must file an amended Form LM-3 for the fiscal year ended December 31, 2022, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than May 16, 2024. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

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 those individuals or their predecessors handled during the preceding fiscal year.

BCTC Sabine Area's officers are currently bonded for \$10,000, but they must be bonded for at least \$11,251.10. BCTC Sabine Area should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than May 16, 2024.

I want to extend my personal appreciation to Building & Construction Trades Council Sabine Area 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,



Senior Investigator

cc: Mr. Justin Cooper, Treasurer