

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
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March 13, 2007

Mr. Robert Bradley, President
Musicians AFL-CIO
Local 136
#1 Clay Center, P.O. Box 2471
Charleston, WV 25329

Re: Case Number: [REDACTED]

Dear Mr. Bradley:

This office has recently completed an audit of Musicians Local 136 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, Thomas Kirk, Robert McCullough on March 8, 2007, 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 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. The audit of Local 136's 2006 records revealed the following recordkeeping violations:

- There were a few disbursements to officers, and other business entities in which no receipts could be found, or the nature of union business could not be determined by the records.
- The meeting minutes for the last portion of 2006 could not be found.

As agreed, provided that Local 136 maintains adequate documentation in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. A copy of Local 136's current constitution and bylaws has now been filed.

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 136's officers and employees were bonded for \$10,000, but they must be bonded for at least \$11,015. Adequate bonding coverage was obtained and documentation provided during the audit. No further enforcement action will be taken.

During the audit, I advised you that authorization for the salary amount paid to Office Manager Robert McCullough could not be found in union records. I recommend that Local 136 document Mr. McCullough's authorized salary amount in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting). When the authorized salary amounts have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

During the audit, I was advised that it is Local 136's practice for the president to sign all union checks and to stamp the signature of Secretary-Treasurer Thomas Kirk. The second signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use by the primary signer of a signature stamp for the second signature does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. I recommend that Local 136 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Musicians Local 136 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

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passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Secretary-Treasurer Thomas Kirk
Office Manager Robert McCullough