

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street
Room 9 109E
St. Louis, MO 63103
(314)539-2667 Fax: (314)539-2626



May 16, 2008

Mr. Dave Hogan, President
Carpenters Local 308
350 Waconia Court SW
Cedar Rapids, IA 52404

LM File Number 018-401
Case Number: [REDACTED]

Dear Mr. Hogan:

This office has recently completed an audit of Local 308 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 and Karen Whitaker on May 2, 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 308's 2007 records revealed the following recordkeeping violations:

1. Did Not Retain Adequate Documentation for Expenses

Local 308 did not retain adequate documentation for expenses incurred by the local and union officers totaling at least \$820. For example, the local did not retain receipts for a disbursement to Ainsworth 4 Corners in the amount of \$230.19 for the hunting banquet and a disbursement to Mathew's Inc. in the amount of \$375.00 for the fishing tournament.

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. Failure to Record Receipts

Local 308 did not record in its receipts records some monies received from the 2006 hunting banquet, the 2007 fishing tournament, and the 2007 golf outing totaling at least \$6,034. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Lost Wages

Local 308 did not retain adequate documentation for lost-wage reimbursement payments to union officers totaling at least \$700. The union must maintain records in support of lost-wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 308 recorded lost

time in membership meeting minutes. The minutes always included the member/officer name and a description of union business conducted, but did not state how many hours would be lost or the rate of pay. In some instances, the date lost wages were incurred was not included in the minutes.

Enclosed with this letter, I have provided a sample of an expense voucher Local 308 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Disposition of Property

Local 308 did not maintain an inventory of t-shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and amount received from each sale of union t-shirts.

Based on your assurance that Local 308 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Duplicate Receipts

Local 308 does not issue a duplicate receipt for all monies received. For example, in 2007, members paid Local 308 to participate in the yearly golf outing. A receipt was not written to any member who paid to participate. OLMS recommends that Local 308 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retain copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Use of Signature Stamp/Signing Blank Checks

During the audit, it was determined that a signature stamp was sometimes used to sign checks. You also advised that checks may be pre-signed if an officer is going to be unavailable for an extended period of time. Section 37a of the Constitution of the United Brotherhood of Carpenters and Joiners of America requires that checks be signed by two or more officers of the local union. The two-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 of a signature stamp for the second signer and/or signing a blank check in advance does not attest to the authenticity of the completed check, and negates the purpose of the two-signature requirement. OLMS recommends that Local 308 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 308 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

Enclosure

cc: Norm Reisetter, Financial Secretary
Craig Bartmess, Treasurer