

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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December 2, 2009

Mr. Joseph Barrett, Business Manager
Painters AFL-CIO
District Council 2
2501 59th Street
St. Louis, MO 63110

LM File Number 003-130
Case Number: [REDACTED]

Dear Mr. Barrett:

This office has recently completed an audit of Painters District Council 2 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 Keith Powell and Mark Hollman on November 30, 2009, 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 District Council 2's 2009 records revealed the following recordkeeping violations:

Meal Expenses

District Council 2 did not require officers to submit itemized receipts for meal expenses totaling at least \$1,367.00. 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.

District Council 2 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. 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.

Based on your assurance that District Council 2 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Single Signature on Initiation Fund Checks

The audit revealed only one officer was signing the checks issued from the Initiation Fund account. A 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. OLMS recommends that District Council 2 review this procedure to improve internal control of union funds.

I want to extend my personal appreciation to Painters District Council 2 for the cooperation and courtesy extended during this compliance audit. I 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,

[REDACTED]

Investigator

cc: Mark Hollman

[REDACTED]

Keith Powell, Director of Organizing

[REDACTED]