

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



January 23, 2007

Ms. Cheryl Chesen, Financial Secretary
Carpenters Ind.
Local 634
1325 West Whittaker
Salem, Illinois 62881

Re: Case Number: [REDACTED]

Dear Ms. Chesen:

This office has recently completed an audit of Carpenters Local 634 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, Office Secretary Chrissy Meyer, Business Representative Hawk Kershaw, and Treasurer Roger Aaron on January 18, 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.

The CAP disclosed a violation of LMRDA Section 206 which requires, among other things, that each disbursement of union funds can be verified, explained, and clarified. All records used or received in the course of union business must be retained for at least five years, including original bills, invoices, receipts, and vouchers. Additionally, documentation showing the nature of the union business requiring the disbursement and the identity of the recipient of the goods or services should be maintained. 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.

The audit of Carpenters Local 634's records revealed the union failed to maintain back-up documentation for several disbursements made during the fiscal year. Specifically, four purchases from Image Pointe were not supported by an invoice or other form of documentation. You explained these purchases were for union logo hats and t-shirts, but the union did not have any documentation to detail the purchases and their

Ms. Cheryl Chesen
January 23, 2007
Page 2 of 2

purpose. The union also lacked proper documentation to support a disbursement to the Greater Carlyle Bowling Association. Several disbursements which were supported by an invoice failed to show the purpose of the purchase. For example, a gift card purchase was supported with an invoice, but the records failed to explain the purpose of this disbursement. An invoice or other form of back-up documentation should be maintained for every union purchase and donation, and an explanation should be provided for purchases when the nature of the union business requiring the disbursement is unclear.

Additionally, Local 634 failed to maintain an inventory of hats, t-shirts, and other property which were purchased and sold or given away. Records must be maintained that account for all union property. In the case of union hats, t-shirts and other items sold to members, the date and amount received from every sale must be recorded in at least one record.

As agreed, your union should maintain adequate documentation of all disbursements and union property in the future, and records should be maintained for at least five years as required by the LMRDA.

The audit also disclosed that you and Treasurer Roger Aaron sign blank checks in advance each month. It is your union's practice that all checks be signed by two authorized signatories. The countersignature requirement is an effective internal control of union funds. However, countersigning a blank check in advance does not attest to the authenticity of a completed check and undermines the purpose of the countersignature requirement. It is recommended that Local 634 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Carpenters Local 634 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: Chrissy Meyer, Office Sec. & Hawk Kershaw, Business Rep.