

**U.S. Department of Labor**

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June 24, 2008

Mr. David Joseph, Business Representative  
Elevator Constructors  
Local 38  
139 South 1400 West  
Salt Lake City, Utah 84104

LM File Number: 060-321

Case Number: [REDACTED]

Dear Mr. Joseph:

This office has recently completed an audit of Elevator Constructors Local 38 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 on June 12, 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.

The audit disclosed the following:

#### 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 Elevator Constructors Local 38 2007 records revealed the following recordkeeping violations:

#### Failure to Record Receipts

The union did not maintain all receipts for the purchase of soft drinks for the soft drink machine. The union did not require receipts for the prizes purchased for the union's golf tournament. The union kept a record of some, but not all, t-shirt sales. Receipts for t-shirt sales were recorded in the general ledger, but the union did not keep a record of all sales made.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The union is also responsible for accurate entries in its books and records. 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.

Based on your assurance that Local 38 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### 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.

The audit revealed that Local 38's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

Two Signatures on Checks

Local 38 requires two authorized signatures on all checks. Once or twice each month Local 38 processes a check with only one signature. The requirement of two signatures on all checks, after a check has been prepared, is a good internal control procedure which helps ensure that checks are payable to authorized recipients and for proper amounts. It is recommended that Local 38 ensure that all checks are signed by two authorized signatories.

I want to extend my personal appreciation to Elevator Contractors Local 38 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,



Supervisory Investigator

cc: Mr. Ron Jorgensen, President