



March 30, 2015

Mr. Scott Juisto, Financial Secretary  
United Brotherhood of Carpenters Local 2311  
8500 Pennsylvania Avenue  
Upper Marlboro, MD 20772

Case Number: 450-6002835( )  
LM Number: 050-364

Dear Mr. Juisto:

This office has recently completed an audit of United Brotherhood of Carpenters Local 2311 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 March 3, 2015, 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 2311's 2013 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the executive board authorized financial expenditures at its monthly meetings. Local 2311 did not maintain meeting minutes from any executive board meetings. In addition, membership meeting minutes were not maintained in some instances where disbursements were approved, including the annual picnic expenses. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Local 2311 did not maintain records to verify that the salaries reported in Schedule 11, Column D (Gross Salary Disbursements) and the allowances reported in Schedule 11, Column E (Allowances Disbursed) of the LM-2 were the authorized amounts and therefore correctly reported. The union must keep a record, such as meeting minutes, to show the current salaries and allowances authorized by the entity or individual in the union with the authority to establish salaries and allowances.

3. Failure to Maintain and Record Receipts

Local 2311 failed to retain some deposit slips. In addition, Local 2311 did not adequately record information in its records regarding income received during the year. Union receipt 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. The labor organization must also retain all deposit slips.

4. Disposition of Property

Local 2311 did not maintain an inventory of hats, shirts, and other property 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 28 (Other Assets) of the LM-2. 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 28. The union must record in at least one record the date and the amount received from each sale of the union hats, shirts, and other items and the source of those funds.

The Local 2311 records also did not include anything to show who received items like the Kindle tablet and the gift cards that were given away at the union picnic. The union must record the recipient of these items in at least one union record.

5. Credit Card Expenses

Local 2311 did not retain adequate documentation for credit card expenses incurred by union officers. For example, the union did not retain hotel receipts related to the Pile Drivers Convention or several receipts for items for the union's annual picnic. In addition, the union retained the credit card receipt but not the itemized receipt for several other credit card expenses incurred by union officers.

As noted above, Local 2311 must retain all original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 2311 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report, Form LM-2, filed by Local 2311 for the fiscal year ended June 30, 2013, was deficient in the following areas:

#### 1. Officer Disbursements not Properly Reported

Local 2311 did not properly report some payments to officers in the proper columns on Schedule 11 (All Officers and Disbursements to Officers). Per diem received by officers for travel should be reported in Column F (Disbursements for Official Business) of Schedule 11. In addition, the audit revealed that the financial secretary receives a monthly expense allowance. This allowance should be reported in Column E (Allowances Disbursed).

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

#### 2. Item 15 - Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away t-shirts, gift cards, and a Kindle tablet during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaway by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees". In addition, the cost, book value, and trade-in allowance for assets that were traded in must be reported.

#### 3. Failure to File Constitution and Bylaws

The audit 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 it makes changes to its constitution or bylaws. The most recent version of the Local 2311 constitution and bylaws was not on file with OLMS. Local 2311 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 2311 file an amended report for 2013 to correct the deficient items, but Local 2311 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to United Brotherhood of Carpenters Local 2311 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,



Auditor

cc: David Vooy, President