

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 2, 2008

Mr. John West, President
Carpenters
Local 329
914 1/2 West California
Oklahoma City, OK 73106

LM File Number 004-776

Case Number: [REDACTED]

Dear Mr. West:

This office has recently completed an audit of Local 329 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 Office Manager Kim Lancaster on March 27, 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 CAP disclosed the following violations:

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 329's 2007 records revealed the following recordkeeping violations:

1. Lack of Salary Bonus Authorization

Local 329 did not maintain records to verify that the bonus paid to Office Manager Kim Lancaster was authorized. The union must keep a record, such as meeting minutes or a contract, to show the current salary and any salary bonuses authorized by the entity or individual in the union with the authority to establish salaries.

2. Lack of Fixed Asset Inventory

Local 329 failed to maintain an inventory of their fixed assets. Records must be maintained that account for all union property. In the case of union furniture or equipment, a record should include the date of purchase and cost and value of each item.

3. Lack of Inventory of Other Assets

Local 329 failed to maintain a complete record of all shirts, hats, and Bibles sold or given away. Local 329 should have a record containing the date and amount of the purchase of these items by Local 329, the date, purpose, and number of items given away, and the date and amount received from the sale of each shirt and hat.

Based on your assurance that Local 329 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-3 filed by Local 329 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Disbursements to Employees (LM-3)

Local 329 did not include the \$100 bonus paid to Office Manager Kim Lancaster in the amount reported in Item 46 Disbursements to Employees. It appears the union erroneously reported this payment in Item 48 Office & Administrative Expenses. The union must report all payments made to employees in Item 46 Disbursements to Employees.

2. Disbursements to Officers

Local 329 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 All Officers and Disbursements to Officers. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

3. Contributions, Gifts, and Grants

Local 329 did not include donations totaling at least \$1,100 in Item 51 Contributions, Gifts and Grants. It appears the union erroneously reported these payments in Item 48 Office and Administrative Expenses.

4. Other Disbursements

Local 329 did not include employee taxes under Item 54 Other Disbursements. Local 329 also did not include disbursements for membership events such as pin awards in Item 54 Other Disbursements. It appears the union erroneously reported these payments in Item 48 Office and Administrative Expenses.

5. Right to Work Fund

Local 329 erroneously reported the right to work fund under Item 35 Other Liabilities. All funds in Local 329's bank accounts are considered assets of the union regardless of the source of the funds. Other Liabilities should only include monies owed by Local 329 that have not already been reported in Items 32/33, or 34.

Local 329 must file an amended Form LM-3 for fiscal year ending June 30, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on

the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 16, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Flower Expense Policy

As I discussed during the exit interview, the audit revealed that Local 329 does not have a clear policy regarding who flowers can be purchased for and on what occasions. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Use of Signature Stamp

During the audit, Office Manager Lancaster advised that it is Local 329's practice to occasionally use a signature stamp for one of the signatories, John West, Dean Jordan, or Donnie Newton, to stamp his name on checks. 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 does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 329 review these procedures to improve internal control of union funds.


3. Meeting Minutes

During the audit, writer noticed that there is no mention of flower purchases or some of the other non-routine disbursements Local 329 made in Local 329's meeting minutes. Unions are required to keep a record to show that disbursements are authorized. Meeting minutes are a good record to maintain containing authorizations.

I want to extend my personal appreciation to Local 329 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.

Mr. John West
May 2, 2008
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Sincerely,


Investigator

cc: Dean Jordan, Treasurer
Kim Lancaster, Office Manager