

U.S. Department of Labor

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June 14, 2005

Charles E. Anderson, Secretary-Treasurer  
Painters District Council 30  
3813 Illinois, Suite 101  
St. Charles, Illinois 60172-2422

RE: 2

Dear Mr. Anderson,

This office has recently completed an audit of Painters District Council 30 (D/C 30) 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 November 30, 2004, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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 rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping deficiency was revealed during the audit of D/C 30's 2003 records: D/C 30 failed to obtain legible copies of its cancelled checks. The copies received were too small to be viewed even with the aid of a magnifying glass. This violation was corrected during the CAP. D/C 30 agreed to obtain copies of the front and back of all checks on compact disk each month. The D/C agreed to retain these computerized versions as part of its records.

### Reporting Violations

The LM-2 instructions contain special rules for the reporting of automobile expenses. Operating and maintenance costs for each union owned or leased vehicle must be reported in schedules 9 and 10 of the LM-2. These expenses must be allocated to the officer or employee that is assigned each vehicle. D/C 30 reported \$6527.00 in unallocated cost on schedule 13 (Office and Administrative Expenses) when in-fact these expenditures should have been reported on either schedule 9 or 10 with the required explanation in item 75.

The LM-2 instructions for schedule 14 (Other Receipts) specifically state that the term miscellaneous should not be used, since that classification is not sufficiently descriptive. The D/C reported \$450 in miscellaneous receipts in column A of schedule 14.

Finally, the D/C failed to include \$5000.00 in accrued interest on its fiscal year ending December 31, 2003 LM-2 report. This violations was addressed during the on-site portion of the audit.

In addition, the CAP disclosed two violations of LMRDA section 201(b), because the form LM-2 filed by D/C 30 for fiscal year ending December 31, 2003 failed to meet the standards of acceptability.

During the audit, the following deficient items were identified:

D/C 30 used the wrong file number when filing their LM-2 report. The Council filed its report using the LM number 022-165 when in-fact the correct LM number was 022-615.

In addition, the amount of bonding reported on the fiscal year ending December 31, 2003 LM-2 report was \$1,000,000.00 when in-fact the D/C carried only \$500,000.00.

During the exit interview, the D/C agreed to file an amended report correcting the reporting and record keeping violations cited here. These violations will be resolved under OLMS case number 2

I want to extend my personal appreciation for yours and your entire staff's cooperation and courtesy during this compliance audit. If we can be of assistance in the future, do not hesitate to call us at (312) 596-7160.

Sincerely,

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Investigator