

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
801 Federal Building
1000 Liberty Avenue
Pittsburgh, PA 15222
(412) 395-6925 / FAX: (412) 395-5442



January 25, 2005

Mr. Vince Venturino, Treasurer
Carpenters, IND
Local Union 165

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Re: 2

Dear Mr. Venturino:

This office has recently completed an audit of Carpenters, IND, Local Union 165 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 Financial Secretary Ray Walzer on January 24, 2005, 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 following record keeping deficiencies were revealed during the audit of Local 165's FYE 06/30/2004 records:

Union officers and employees failed to retain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. Records for officer expenses failed to show the specific union purposes of the expenses being paid. Specifically, local expenses were paid to officers who were also reimbursed for salary, automobile expenses and hotel by the regional council at the same rate paid to officers not receiving such reimbursement from the regional council. Union records failed to record the reason for this discrepancy and failed to show the specific nature of the reimbursed expenses. Furthermore, section 48 of the local's bylaws fails to adequately resolve this question as to the nature of these reimbursements.

With respect to documentation retained in support of specific disbursements, the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

As we discussed, you agreed to work with the regional council and other local officers to establish clearer guidelines regarding the local's reimbursement policies and procedures. Any changes in the local's bylaws should be sent to the Office of Labor Management Standards with your local's annual financial report filed with our office for the fiscal year during which those changes are adopted.

I strongly urge Local 165 to adopt clear guidelines regarding what types of expenses the local pays for reimbursement. Our office is certainly available to provide guidance to you regarding the requirements of the law, as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

Local 165 failed to record in its records receipts for items sold to members including hats and jackets. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source. As we discussed, you will ensure that the storekeeper keeps better records and issues duplicate receipts to members for items purchased.

Adequate records were not kept for receipts and disbursements made to and from members cashing checks through the local's financial secretary. The practice of allowing members to endorse checks from the local and exchange them for cash taken from dues receipts was discussed. You agreed to end this practice.

Your local was missing several membership meeting minute entries from 2001. As agreed, provided that Local 165 maintains all meeting minutes in the future, no additional enforcement action will be taken regarding this violation.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 165's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 165 amended its constitution and bylaws in 2002, but a copy of the constitution and bylaws was not filed with Local 165's LM-3 report for that year. Two copies of Local 165's constitution and bylaws have now been filed. Remember to file the changes made in 2004 with your next LM-3 report after approval from the International.

I strongly recommend that you make sure that this letter and the compliance assistance materials being provided to you are passed on to yours and Mr. Walzer's successors at whatever time you may leave office.

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January 25, 2005
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I want to extend my personal appreciation for your and Mr. Walzer's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

Investigator

Enclosures: Fact Sheet: *LMRDA Compliance: A Guide for New Union Officers*
Fact Sheet: *Union Member Rights and Officer Responsibilities under the LMRDA*
Fact Sheet: *Internal Financial Controls*
Fact Sheet: *LMRDA Recordkeeping Requirements for Unions*

cc: Ray Walzer, Local Financial Secretary
Zane Smigas, Local President
Harry McDonald, Local Trustee
John Brooks, GPRCC Executive Secretary Treasurer