

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 1, 2005

Glenn Hinrichsen, President
Carpenters IND, Local 804
2558 County Road C
Stevens Point, WI 54481-9083

File number is: 519-081

Dear Mr. Hinrichsen:

This office has recently completed an audit of Carpenters IND, Local 804 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 Treasurer Gary Hawley on November 17, 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.

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 general 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 violation was revealed during the audit of Local 804's 2004-2005 records: Local 804 failed to record the date received, amount and purpose of its receipts. 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 agreed, provided that Local 804 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 804 for fiscal year ending June 30, 2005 was deficient in the following areas:

1. Local 804 failed to include some salary payments and some expense reimbursement payments to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, it appears the salary payments dated June 21, 2005, to former President Kurt Zurawski and Trustee Kevin Zurawski were not included in the amounts reported in Item 24 because the checks were issued during the union's fiscal year but did not clear the bank account before the end of the fiscal year. As discussed on page six of the LM-3 instructions, Form LM-3 must be prepared using the cash method of accounting. Under the cash method of accounting, receipts are recorded when money is actually received by your organization and disbursements are recorded when money is actually paid out by your organization. Since the payments were issued to those officers during the fiscal year, the amounts should be included in the total payments to those officers reported in Item 24 of the LM-3 filed for fiscal year ending June 30, 2005.
2. The amount of dues collected by Local 804 that is reported in Item 38 and disbursements for per capita taxes reported in Item 47 (Per Capita Tax) are incorrect. In the case of Local 804 dues are withheld from members' wages and remitted to the Northern Wisconsin Regional Council of Carpenters (NWRCC) by employers. The NWRCC retains certain amounts for per capita taxes and remits the remaining funds to Local 804. The amount reported by Local 804 in Item 38 appears to include the full amount remitted to the NWRCC rather than the amount actually received by Local 804 from the NWRCC. The amount reported by Local 804 in item 47 appears to erroneously include amounts retained by the NWRCC for per capita taxes. The LM-3 instructions require that you report in Item 38 only those funds actually received by your organization and that you report in Item 47 only those monies actually disbursed by your organization for per capita taxes.

I am not requiring that Local 804 file an amended LM-3 report for fiscal year ending 2005 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

Other Issues

During the audit, Treasurer Hawley advised that the Local 804 only requires one signature on checks. Section 37A of the United Brotherhood of Carpenters International Constitution requires that "all checks of the Local Union must be signed by two or more officers." The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, not countersigning checks completely circumvents and undermines the whole purpose of the countersignature requirement. You may want to revise your check disbursement method.

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

I want to extend my personal appreciation to you and Mr. Hawley for your 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

cc: Gary Hawley, Treasurer