

U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
Boston District Office  
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December 9, 2005

Mr. Arthur Sisko  
Carpenters Local 107  
29 Endicott Street  
Worcester, MA 01610

Re: <sup>2</sup>

Dear Mr. Sisko:

This office has recently completed an audit of Carpenters Local 107 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 Bookkeeper Cynthia Drelinger and NERCC Business Manager Jack Donahue on December 8, 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.

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.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), 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. With that said, the following record keeping violations were revealed during the audit of Local 107's 2004 records:

While Local 107 did an exceptional job at maintaining records verifying payments made by check, union officers and employees occasionally failed to retain adequate documentation for expenses charged to union credit cards. The local did retain a majority of these credit card receipts, but the local should strive to maintain accompanying documents for all expenses.

The CAP also 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 107 amended its constitution and bylaws in 2004, but a copy of the constitution and bylaws was not filed along with its LM-2 report for that year. Two copies of your bylaws have now been filed; therefore, no further action will be taken regarding this violation.

Finally, the CAP disclosed a violation of LMRDA Section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Local 107 for fiscal year ending June 30, 2004, was deficient in the following areas:

The names of some officers who held office during the year were not reported in item 24 with the total amount of payments to or for them. All of the officers representing the local during the fiscal year must be accurately represented in item 24 on the LM report. As discussed during the Exit Interview, the LM report should list all officers as being either a continuing officer, which is represented with a 'C' in item 24, section 1C; a past officer represented with a 'P' in item 24, section 1C; or a new officer represented with an 'N' in item 24, section 1C. These identifiers disclose past and present officers as well as any and all funds given to these individuals throughout the fiscal year. In addition, the names of all persons who held office during the year must be reported in item 24 regardless of whether or not they received any payments from the union.

The local also inaccurately listed initiation fees required by new members. The LM report stated that initiation fees were \$250 - \$350 when the CAP disclosed that the initiation fee is actually \$30 - \$150 depending on the new member's experience level. The revised LM-2 report has a field for a minimum and maximum amount for initiation fees; therefore, as discussed during the Exit Interview, future revised LM-2 forms should list initiation fees as a minimum of \$30 and maximum of \$150.

Despite the issues listed above, I am not requiring that Local 107 file an amended LM-2 report for fiscal year ending June 30, 2004. As agreed, your union will properly report the deficient items on all future reports filed with this agency.

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I want to also take this opportunity to state that despite the violations listed above, I was extremely pleased with the local's internal financial controls. All of the checks were co-signed with authentic signatures, and the local maintains verifying invoices or receipts for all of their payments made with the local's checking account. Having these practices firmly established certainly helps in following the federal laws dictated in the LMRDA. I want to extend my personal appreciation for your entire staff's cooperation and courtesy during this compliance audit. If I can be of any assistance in the future, please do not hesitate to call.

Sincerely,



Investigator