

U.S. Department of Labor

Office of Labor-Management Standards
Denver District Office
1999 Broadway, Suite 2435
Denver, CO 80202-5712
(720) 264-3232 Fax:(720) 264-3230



April 1, 2010

Mr. John Suraco, Secretary-Treasurer
Carpenters, Local 112
156 West Granite Street, Suite D
Butte, Montana 59701

LM File Number: 013-592
Case Number: [REDACTED]

Dear Mr. Suraco:

This office has recently completed an audit of Carpenters, Local 112 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 March 16, 2010, 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.

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 112's 2009 records revealed the following recordkeeping violations:

1. Expenses for Union Functions

Local 112 did not require officers to submit itemized receipts for party expenses totaling at least \$2,651. The union must maintain itemized receipts provided by caterers and other vendors for union functions. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 112's records of Christmas and retirement party expenses did not include the names and titles of the persons incurring the charges. For example, the union incurred expenses of \$1,100 for two retirement parties and \$1,551 for a catered Christmas party, but the union did not keep a list of members in attendance at any of those functions. Union records of catered expenses must include the full names and titles of all persons who incurred the charges. Also, the records retained must identify the names of the caterer or restaurant where the officers incurred meal expenses.

2. Disposition of Property

Local 112 did not maintain an inventory of gift cards it purchased, and gave away at the annual Christmas party. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and the value of each item it gives away.

3. Receipt Dates not Recorded

Entries in Local 112's receipts journal reflect the date the union deposited money, but not the date that money was received. Many deposits were made one or two months after funds were received, and there was no deposit made in April 2009.

Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 112 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Carpenters, Local 112 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.

Sincerely,



Investigator

Enclosure

cc: Mr. Jeffery S. McNeil, President