

**U.S. Department of Labor**

Employment Standards Administration  
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October 15, 2009

Mr. Mike Raeber, Treasurer  
Carpenters  
Local 1997  
302 West Gundlach St.  
Columbia, IL 62236

LM File Number 022-404  
Case Number: [REDACTED]

Dear Mr. Raeber:

This office has recently completed an audit of Carpenters Local 1997 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 Business Representative Dan Alexander on June 9, 2009, 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 1997's records for fiscal year ending June 30, 2008 revealed the following recordkeeping violations:

1. General Reimbursed and Per Diem Expenses

Local 1997 did not retain adequate documentation for reimbursed expenses and per diem expenses incurred by President John Limestall and Recording Secretary Jeff Graff totaling at least \$1800. For example, during the opening interview of the audit you stated officers are paid \$200 per day for per diem while traveling on union business. You stated their purchases must be supported by invoices, and money not used should be reimbursed to the local. During the fiscal year, both President Limestall and Recording Secretary Graff received per diem for which the local had no back-up documentation or proof of reimbursement for unused per diem. Additionally, a purchase reimbursed to President Limestall for donuts and office supplies was not supported with back-up documentation.

As previously noted, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lack of Salary Authorization

Local 1997 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or

individual in the union with the authority to establish salaries. This authorization should include salaries paid by the local for attending District Council meetings.

Based on your assurance that Local 1997 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Issue

##### Signing Blank Checks

During the audit, you advised that President Limestall signs blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1997 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Carpenters Local 1997 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