

U.S. Department of Labor

Office of Labor-Management Standards
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March 29, 2010
Mr. Don Williams, Business Agent
Carpenters Ind. Local 2761
PO Box 61
McCleary, WA 98557-0061

LM File Number: 042-651
Case Number: [REDACTED]

Dear Mr. Williams:

This office has recently completed an audit of Carpenters Local 2761 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 17, 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 of the goods or service. 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 the Carpenters Local 2761's 2009 records revealed the following recordkeeping violations:

1. General Expenses

Local 2761 did not retain adequate documentation for general and reimbursed expenses incurred by the local and its officers totaling at least \$106,000. For example normal operating expenses such as office supplies, utilities, insurance, per capita tax, benefits, contributions, gifts, insurance, property tax, and auditor fees were not supported with a receipt.

As previously noted above, 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. Meal Expenses

Carpenters Local 2761 did not require officers to submit itemized receipts for meal expenses totaling at least \$110. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Carpenters Local 2761 records of meal expenses did not include the names and titles of the persons incurring the restaurant charges. For example, no receipts were provided for any meal expense and the names of the attendees incurring the expense was not noted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lost Wages

Local 2761 did not retain adequate documentation for lost wage reimbursement payments to "union officers and employees" on approximately 25 instances. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate

of pay, and a description of the union business conducted. The OLMS audit found that Local 2761 made a note in the general ledger and on the check stub but did not always identify the purpose, number of hours lost on each date, or the applicable rate of pay.

During the exit interview, I provided a sample of an expense voucher Local 2761 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Carpenters Local 2761 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 2761 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance information provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Vincelle Calika, President