



July 30, 2010

Mr. Randy Jenkins, Treasurer  
Carpenters Ind.  
Local 312  
541 Tom Everhart Road  
Lexington, NC 27292-5658

Case Number: [REDACTED]  
LM Number: 521482

Dear Mr. Jenkins:

This office has recently completed an audit of Carpenters Local 312 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 President David Jordan, Office Manager Hilda Jenkins, and you on July 23, 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 312's 2009 records revealed the following recordkeeping violation:

#### Disposition of Property

Local 312 did not maintain an inventory of shirts and other property it purchased, sold, or gave away. 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 amount received from each sale of union shirts, hats, and other items.

Based on your assurance that Local 312 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local 312 for the fiscal year ended June 30, 2009, was deficient in the following areas:

1. Disbursements to Officers

Local 312 did not include some reimbursements to officers totaling at least \$5,566 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 312 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 312 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 312 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 312 file an amended LM report for 2009 to correct the deficient items, but Local 312 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Overtime Policy

As I discussed during the exit interview, the audit revealed that Local 312 does not have a clear policy regarding the overtime paid to Office Manager Hilda Jenkins. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Use of Signature Stamp

During the audit, you advised that it is Local 312's practice for you to sign all union checks and to stamp the signature of President David Jordan on union checks. You indicated that no one but you and Office Manager Hilda Jenkins review the checks before they are issued. Section 47, paragraph A of the International Constitution requires that 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 312 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Carpenters Local 312 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,



Senior Investigator

cc: Mr. David Jordan, President