

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street, Room 9.109E
St. Louis, MO 63103
(314) 539-2667 Fax: (314) 539-2626



July 1, 2009

Mr. Sam Leonard, Treasurer
Carpenters Local 377
1120 N. Illinois Avenue
Litchfield, IL 62056

LM File Number 019-446
Case Number: [REDACTED]

Dear Mr. Leonard:

This office has recently completed an audit of Carpenters Local 377 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 May 5, 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 377's 2008 records revealed the following recordkeeping violations:

1. Lack of Adequate Documentation for Disbursements

Local 377 did not retain adequate documentation for disbursements made from the local's accounts totaling at least \$2,180. For example, documentation was not retained for a payment of \$1,000 to the Carpenters District Council of Greater St. Louis on August 2, 2007 and a payment of \$580 to Cavallo Bus Lines on August 21, 2007.

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. Failure To Maintain Records

Local 377 did not maintain adequate book records to verify the beginning and ending balance and account activity throughout the year for the Wachovia investment account. Also, the general fund deposit booklet containing the months of July 2007 through November 2007 could not be located. The union must retain records to verify, clarify, and explain the information contained on the LM-3 report.

3. Lack of Salary Authorization

Local 377 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.

4. Disposition of Property

Local 377 did not maintain an inventory of hats, jackets, 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 hats, jackets and other items.

Based on your assurance that Local 377 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

The audit disclosed the following other issue:

Use of Signature Stamp/Signing Blank Checks

During the audit, it was determined that a signature stamp was sometimes used to sign checks. You also advised that checks may be pre-signed if an officer is going to be unavailable for an extended period of time. Section 37(a) of the Constitution of the United Brotherhood of Carpenters and Joiners of America requires that checks be signed by two or more officers of the local union. 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 and/or signing a blank check in advance does not attest to the authenticity of the completed check and negates the purpose of the two signature requirement. OLMS recommends that Local 377 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to you and Office Manager Cari Brauer for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials

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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: Kevin Hamilton, Business Manager
Carrie Brauer, Office Manager