



May 24, 2010

Ms. Mary Alice McMurray, Financial Secretary/Treasurer
Carpenters Local 557
422 East Mendenhall
Bozeman, MT 59715

Case Number: [REDACTED]
LM Number: 039178

Dear Ms. McMurray:

This office has recently completed an audit of Carpenters Local 557 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 April 29, 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 Violation

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 557's fiscal year 2009 records revealed the following recordkeeping violation:

Voided Check

Local 557 did not retain adequate documentation for a check voided by union officers. Specifically, check number [REDACTED] for the 1st Security Bank checking account was voided and not retained.

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

Based on your assurance that Local 557 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 557 for the fiscal year ended June 30, 2009, was deficient in the following area:

Disbursements to Officers (LM-3)

Local 557 did not include some reimbursements to officers totaling at least \$3,000 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). The union must report the total of all other direct and indirect disbursements to each officer other than salary, including allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for conducting official business of your organization.

I am not requiring that Local 557 file an amended LM report for 2009 to correct the deficient items, but Local 557 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Carpenters Local 557 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,

[REDACTED]

Investigator

