

U.S. Department of Labor

Office of Labor-Management Standards
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February 25, 2010

Mr. Lawrence Gould, President
Carpenters Ind
Local 3073
PO Box 2059
Portsmouth, NH 03804-2059

LM File Number 503-950
Case Number: ||| ||| ||| ||| ||| ||| ||| |||

Dear Mr. Gould:

This office has recently completed an audit of CJA Local 3073 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 Financial Secretary/Treasurer Richard Beaudoin and you on February 24, 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.

The CAP disclosed recordkeeping violations, reporting violations, and other issues.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 3073's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 3073 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$360. For example, retirement gifts, annual party expenses, and tips paid for audit meals did not have adequate documentation retained by the local to verify the reimbursements paid.

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

Local 3073 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$170. 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.

Local 3073 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, meals paid for during audits of the local did not have any receipts retained to verify the expenses. 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. Local Expenses

Local 3073 did not retain adequate documentation for local expenses incurred for the local's annual party totaling at least \$1,100.

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.

4. Local Receipts

Local 3073 did not retain adequate documentation for local receipts totaling at least \$750 for dues payments received from retired members.

As previously noted above, labor organizations must retained at least one record showing the date, amount, purpose, and source of money received. 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.

5. Lost Wages

Local 3073 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$700. 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 3073 did not retain any documentation for lost wage reimbursements paid.

During the exit interview, I provided a sample of an expense voucher Local 3073 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 Local 3073 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report (Form LM-3) filed by Local 3073 for fiscal year ending June 30, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 3073 did not include some reimbursements to officers totaling at least \$3,250 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 50 (Benefits).

Also, Local 3073 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 3073 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 Properly Categorize Receipts

Local 3073 did not correctly categorize at least \$225 in other receipts received in Item 43 (Other Receipts). It appears as though the local erroneously reported these disbursements in Item 38 (Dues). The instructions for Item 43 state that total amount of all receipts the organization receives other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayment of loans made, rents, and other funds collected for transmittal to third parties must be reported in Item 43.

Local 3073 must file an amended Form LM-3 for fiscal year ending June 30, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than March 17, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Retention of Voided Checks

Local 3073 did not retain all checks voided by the local. All voided checks should be retained by the local. OLMS recommends that Local 3073 review these procedures to improve internal control of union funds.

2. Counter-Signing All Checks

According to Section 37a of the Constitution of the United Brotherhood of Carpenters and Joiners of America and Rules for Subordinate Bodies Under Its Jurisdiction, effective January 1, 2006, all checks of a local union must be signed by two or more officers of the local union. Currently, Local 3073 is not requiring all checks be counter-signed. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a document. OLMS recommends that Local 3073 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to CJA Local 3073 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,

Mark Letizi
District Director

cc: Richard Beaudoin, Financial Secretary/Treasurer