



August 30, 2010

Mr. Damien Maine, Treasurer  
Painters LU 481  
5 Greenfield Drive  
New Britain, CT 06501-1624

Case Number: [REDACTED]  
LM Number: 039128

Dear Mr. Maine:

This office has recently completed an audit of Painters LU 481 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 and Financial Secretary Peter Foote on August 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(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 481's 2009 records revealed the following recordkeeping violations:

1. General Expenses and Reimbursed Expenses

Local 481 did not retain adequate documentation for general expenses paid by the union or reimbursed expenses incurred by officers. For example, no receipt was found for a payment for \$500.00 for pizza or a \$20.40 reimbursed expense for soda.

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. Receipt Dates not Recorded

Entries in Local 481's check register reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2 / LM-3. The LM-2/3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

In addition, several items of deposit were returned insufficient funds. There was no notation or record maintained in the union books reflecting the source or amounts of these checks.

3. Missing and Voided Checks

Local 481's check register reflects at least six check entries with the check number but no other identifying information recorded. The checks did not clear but are not contained in the union's books and records. In addition, voided checks were not found in the records. It is unclear whether the checks have been issued and not returned, voided or never written.

As noted above labor organizations are required to maintain adequate records for at least five years by which each receipt and disbursement of funds can be verified, explained or clarified.

Based on your assurance that Local 481 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Other Issues

#### Signing Blank Checks

During the audit, you advised that the President signs blank checks. Your union requires that all checks be signed by the financial secretary 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 481 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Painters LU 481 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,



Supervisory Investigator

cc: Mr. Peter Foote, Financial Secretary