



February 28, 2013

Mr. Chris Parzych, President
Carpenters, Local 1556
395 Hudson Street
New York, NY 10014

Case Number: 130-15352 ()
LM Number: 544559

Dear Mr. Parzych:

This office has recently completed an audit of Carpenters, Local 1556 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA). As discussed during the exit interview with you, Office Manager Joann Narvaez, and Bookkeepers Rita Drigss and Patty June on February 28, 2013, 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 1556's fiscal year 2012 records revealed the following recordkeeping violations:

- 1) Receipt Dates not Recorded

Entries in Local 1556's receipts records 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 Form LM-2. The LM-2 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.

Based on your assurance that Local 1556 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Other Violations

1) Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 1556's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

1) Duplicate Receipts

Members of Local 1556 pay dues directly to the union. The office staff record dues payments, but they do not retain the receipts issued to dues payers. OLMS recommends that Local 1556 retain its duplicate receipts for all members who make payments directly to the union. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable.

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I want to extend my personal appreciation to Carpenters Local 1556 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Ms. Joann Narvaez, Office Manager