



August 10, 2010

Mr. Douglas Blacklock, President
Carpenters Local 370
1284 Central Avenue
Albany, NY 12205

Case Number: [REDACTED]
LM Number: 516995

Dear Mr. Blacklock:

This office has recently completed an audit of Carpenters Local 370 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, Treasurer David Moak, Financial Secretary Mark Sowalski, Recording Secretary Chris Dugan, and Bookkeeper JoAnne Lein on July 30, 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 370's 2010 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 370 did not record in its receipts records individual remittances from the sale of union apparel (shirts and hats) totaling at least \$2,199. Although union records reflect the deposit of such receipts, union records must include an adequate identification of all money the union receives. Specifically, the records should show the date and amount received, and the source of the money. 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. 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.

2. Disposition of Property

Local 370 did not maintain an inventory of hats, shirts, 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 28 (Other Assets) of the LM-2. 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 28.

Based on your assurance that Local 370 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Duplicate Receipts

OLMS recommends that Local 370 use a duplicate receipt system for all payments where the union issues original pre-numbered receipts to all members and others who make payments directly to the union and retains copies of those receipts. 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. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Voided Checks

OLMS recommends that unions retain any voided checks as an effective internal control in order to verify that these checks were not negotiated.

I want to extend my personal appreciation to Carpenters Local 370 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,



Investigator

cc: Mr. David Moak, Treasurer
Mr. Mark Sowalski, Financial Secretary
Mr. Chris Dugan, Recording Secretary
Ms. Jo Anne Lein, Bookkeeper
Ms. Kathy O'Neil, CPA