

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 16, 2008

Mr. Mike Noeldner, President
Carpenters IND Local 2958
105 West 5th Street
Marshfield, WI 54449

LM File Number: 516-967
Case Number: [REDACTED]

Dear Mr. Noeldner:

This office has recently completed an audit of Carpenters Local 2958 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 Diana Rogers and Council Representative Greg Coenen on March 10, 2008, 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 2958's 2007 records revealed the following recordkeeping violations:

1. General Disbursement and Reimbursed Expenses

Local 2958 did not retain adequate documentation for disbursements and reimbursed expenses incurred by officers totaling at least \$6,728.57. For example, invoices for hotels and receipts for parking have not been maintained. Additionally, expense vouchers have not been maintained for mileage and per diem reimbursements.

As 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. For mileage reimbursement, records which identify the dates of travel, locations traveled to and from, and number of miles driven must be maintained. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

2. Lost Wages

Local 2958 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$8,096.61. Local 2958 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. In the case of Local 2958, lost wage reimbursement checks were identified in the general ledger. However, additional documentation identifying the additional required information was not retained.

During the exit interview, I provided a sample of an expense voucher Local 2958 may use to satisfy this recordkeeping requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Voided Checks

During the organizational interview, Ms. Rogers stated that all voided checks are retained by the local; however, some voided checks have not been retained.

A check is a legal instrument that, when used, creates a transaction required to be reported on a Labor Organization Annual Report. Voided checks are required to be retained to verify, clarify, and support the information reported by labor organizations on LM reports. Retention of a voided check is essential to verify that the check was not in fact issued and therefore, whether a reportable transaction occurred.

Although additional records may be retained that identify checks that were voided, and currently available bank statements may show that such checks have not cleared, such records alone are not adequate to verify whether a check was issued and a reportable transaction occurred.

Based on your assurance that Local 2958 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 2958 for fiscal year ending June 30, 2007, was deficient in the following area:

1. Disbursements to Officers

Local 2958 did not include some reimbursements to officers such as mileage and per diem, totaling at least \$2,910.35 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears these payments were erroneously reported in Item 54 (Other Disbursements).

Direct disbursements to Local 2958 officers and some indirect disbursements made on behalf of its officers must be reported 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

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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).

I want to extend my personal appreciation to Carpenters Local 2958 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: Diana Rogers, Financial Secretary
Greg Coenen, Council Representative