

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 28, 2006

Mr. Thomas Kumpu, Treasurer
Painters AFL-CIO
LU 863
4612 Daniel Drive
Crystal Lake, IL 60014

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Kumpu:

This office has recently completed an audit of Painters LU 863 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 on September 26, 2006, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be

written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 863's 2005 records revealed the following recordkeeping violations:

Lost Wages

Union officers failed to submit and retain lost wage vouchers. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages. During the exit interview, I provided a sample expense voucher Local 863 may use that identifies the type of information and documentation that must be maintained for lost wages and other officer expenses. Again, I encourage you to contact your District Council or International Union to identify vouchers/forms approved for use by your labor organization.

Receipts

Local 863 failed to record the specific sources of cash received by the union. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source. During the exit interview, we agreed that annotations would be made on the cash receipts journal to indicate which members submitted cash for payment of fines or dues. I also encourage you to transfer this information to the Treasurer's ledger.

Additionally, we discussed entries on member ledger cards which reflect full payment of quarterly dues. These records contradicted the cash receipts journal which stated that the member still owed nominal amounts (typically \$3.00-10.00). It was emphasized that the actual amount that is collected needs to be recorded in the receipts journal and on member ledger cards.

As agreed, provided that Local 863 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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 863 for fiscal year ending December 31, 2005, was deficient in that \$3083 was reported for fixed assets (line 29). You stated that this amount is inaccurate as the book value of the union's assets, including a computer purchased in 2000, is much less than \$3083.

I am not requiring that Local 863 file an amended LM report for 2005 to correct the deficient item, but as agreed, Local 863 will properly report the deficient item on all future reports filed with this agency.

I want to extend my personal appreciation to Painters LU 863 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