



July 24, 2023

Mr. William McCall, Business Manager
Carpenters IND, Local 50
1005 Floyd Culler Ct.
Oak Ridge, TN 37830

Case Number: 410-6023710()
LM Number: 010147

Dear Mr. McCall:

This office has recently completed an audit of Carpenters IND 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 Office Manager Chelsea Smith on June 29, 2023, 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 50's 2022 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 50 did not retain adequate documentation for credit card expenses incurred by union officers and employees, totaling at least \$290.19. For example, two purchases made during the review period, from Staples and Crouch Florist, lack supporting

documentation such as receipts or invoices. Of the at least 78 credit card purchases made during the review period, none include details as to the union purpose of the purchases.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Additionally, the union record must the business purpose for each purchase. 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. Disbursements to Officers

Local 50 did not retain adequate documentation supporting and explaining the union purpose for at least two checks issued during the review period. For example, Floyd Sharp and Michael Geasland, were issued checks in the amounts of \$213.92 and \$126.56, respectively. The memo section on both checks stated, "Mileage for January Meeting 2022." There was no supporting documentation regarding the union purpose of the meeting or the rate of reimbursement per mile.

Local 50 was provided with the OLMS Compliance Tip: Reimbursed Travel Expense Payments, at the time of the exit interview. The sample travel expense form included in the compliance tip identifies the level of record keeping required for travel expenses, including mileage reimbursements.

3. Failure to Record Receipts

Local 50 did not record in its receipts ledger money added to their petty cash fund. Local 50 reported a petty cash fund balance of \$279 prior to the review period. During the audit, the petty cash was counted, and the balance was \$282.62. Without ledger entries, there is no way to know whether Local 50 made multiple deposits and withdrawals from the petty cash fund during the year.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 50 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-2 filed by Local 50 for the fiscal year ended June 30, 2022, was deficient in that the amounts for payments issued to officers Floyd Sharp and Michael Geasland, were not included.

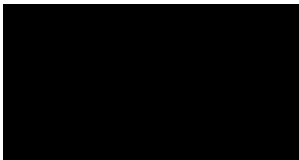
Local 50 did not include the checks issued to Floyd Sharp and Michael Geasland, for \$213.92 and \$126.56, respectively in Schedule 11 (All Officers and Disbursements to Officers) as payments received by those officers.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 50 file an amended LM report for 2022 to correct the deficient items, but Local 50 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Carpenters IND, Local 50 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,



Senior Investigator

cc: Mr. Gerard Schroeder, Treasurer
Mrs. Chelsea Smith, Office Manager