



January 8, 2020

Mr. Marc Scarborough, President
Sheet Metal, Air, Rail and Transportation Workers
Local 942-TD
1316 Pinckney Ave.
Florence, SC 29505

Case Number: 410-6016900 [REDACTED]
LM Number: 022378

Dear Mr. Scarborough:

This office has recently completed an audit of Sheet Metal, Air, Rail and Transportation Workers Local 942-TD 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 Treasurer William Jones on December 17, 2019, 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 942-TD's 2018 records revealed the following recordkeeping violations:

1. General and Reimbursed Expenses

Local 942-TD did not retain adequate documentation for expenses incurred by the union totaling at least \$770.10. For example, the local donated \$500 to SMART Local 1105 for

Hurricane Florence relief but did not retain documentation necessary to verify this disbursement. Additionally, no documentation was found for the following reimbursements to officers: Check number [REDACTED] to Treasurer William Jones for \$147.04 on April 23, 2019 and check number [REDACTED] to Local Chairman Timothy Welch for \$123.06 on August 2, 2019.

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.

2. Meal Expenses

Local 942-TD did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$127.62. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 942-TD records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, meal receipt for \$216.34, dated 10/18/2018, did not include a list of the attendees. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lost Wages

Local 942-TD did not retain adequate documentation for lost wage reimbursement payments to Treasurer William Jones, Vice Local Chairman Edwin Roof, Local Chairman Timothy Welch, and Trustees Phong D Vue, Robert Jones, and Joey Davis totaling at least \$1,619.87. The union 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. The OLMS audit found that Local 942-TD used a lost time voucher in some instances but not all.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 942-TD may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 942-TD will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 942-TD amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year.

Local 942-TD has now filed a copy of its constitution and bylaws.

Other Issues

Use of Signature Stamp

During the audit, Treasurer William Jones advised that it is Local 942-TD's practice for him to sign all union checks and to stamp the signature of President Scarborough on union checks. Mr. Jones indicated that no one else reviews the checks before they are issued. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 942-TD review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Sheet Metal, Air, Rail and Transportation Workers Local 942-TD 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. William Jones, Treasurer