



May 13, 2015

Mr. Ernest Mezzaroba, Treasurer
Carpenters Local 1050
1019 Jackson Street
Philadelphia, PA 19148

Case Number: 140-6003293()
LM Number: 006834

Dear Mr. Mezzaroba:

This office has recently completed an audit of Carpenters Local 1050 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 President Romeo Carsello and you on May 11, 2015, 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 1050's 2014 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 1050 did not record interest earned on certificates of deposits in its receipts records totaling at least \$2,100. Local 1050 also did not retain documents that identified what receipts made up each deposit. 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.

2. Receipt Dates not Recorded

Entries in Local 1050's general ledger reflect the date the union deposited dues money, but not the date dues money was received. Union receipts records must show the date of receipt. 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-3. The LM-3 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.

3. Lack of Salary and Expense Stipend Authorization

Local 1050 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Also, records were not maintained to verify that telephone and Internet expense stipends, which were paid monthly to the local's officers, were the authorized amounts. The union must keep a record, such as meeting minutes, to show the current salary and expense stipends authorized by the entity or individual in the union with the authority to establish salaries and stipends.

4. Lost Wages

Local 1050 did not retain adequate documentation for lost wage reimbursement payments to convention delegates [REDACTED] and [REDACTED] totaling at least \$1,900. 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 the local's records for these lost time payments did not include any of the above mentioned required information for lost time payments.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1050 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.

5. Lack of Backup Documentation for Per Diem Payments

Local 1050 did not retain adequate documentation for per diem payments made to union officers and employees totaling at least \$1,400. The local paid three days per diem for each officer and employee who attended the convention; however, the local did not maintain

records to identify the dates for which per diem was paid, the amount of per diem paid for each day, or the union business conducted.

Labor organizations must retain documents to clarify, explain, and verify all disbursements. The compliance tip sheet, *Union Lost Time Payments*, contains a sample expense voucher that the local may use to satisfy this requirement.

Based on your assurance that Local 1050 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 1050 for the fiscal year ended June 30, 2014, was deficient in that:

Cash Reconciliation

It appears that the figures reported in Items 25 (Cash), 44 (Total Receipts), and 55 (Total Disbursements) are not the correct figures according to Local 1050's books after reconciliation to the bank statements.

Local 1050 must file an amended Form LM-3 for the fiscal year ended June 30, 2014, to correct the deficient items discussed above. I encourage Local 1050 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than June 11, 2015 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Carpenters Local 1050 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. Romeo Carsello, President
Mr. Frank Cinquino, CPA