



June 8, 2017

Mr. Matthew O'Laire, President  
Carpenters IND Local 1192  
201 Oporto Madrid Blvd N  
Birmingham, AL 35206

Case Number: 410-6007191 [REDACTED]  
LM Number: 056040

Dear Mr. O'Laire:

This office has recently completed an audit of Carpenters IND Local 1192 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, Financial Secretary Scott McKnight, Business Manager [REDACTED], Accountant [REDACTED], and Office Manager Janelle Allen on June 1, 2017, 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 1192's 2016 records revealed the following recordkeeping violations:

1. Lost Time

Local 1192 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$408.00. 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 1192 maintained lost time vouchers; however, two of the vouchers did not identify the nature of the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1192 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.

## 2. Disposition of Property

Local 1192 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2 (Other Assets). The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Local 1192 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 1192 for the fiscal year ended June 30, 2016, was deficient in the following area:

#### By Laws

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 1192 amended its constitution and bylaws in 2014, but did not file a copy with its LM report for that year.

Local 1192 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1192 file an amended LM report for 2016 to correct the deficient item, but Local 1192 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Signing Blank Checks

During the audit, you advised that President Matthew O'Laire signs blank checks. Your union's by laws require that all checks be signed by the president and treasurer. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1192 review these procedures to improve internal control of union finances.

I want to extend my personal appreciation to Carpenters IND Local 1192 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. Scott McKnight, Financial Secretary