

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Indianapolis Resident Office
46 East Ohio Street, Room 511
Indianapolis, Indiana 46204
Phone/Fax: (317) 614-0013
www.olms.dol.gov



December 14, 2005

Mr. Sylvester Baker, Business Manager/Financial Secretary
Electrical Workers, IBEW, AFL-CIO
Local 1048
6501 Massachusetts Avenue
Indianapolis, IN 46226

Re: CAP Closing Letter

Case No

2

Dear Mr. Baker:

The U.S. Department of Labor, Office of Labor-Management Standards (OLMS) recently completed an audit of IBEW Local 1048 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, as Amended (LMRDA). As I explained during the exit interview with you on December 14, 2005, the CAP revealed the following findings. (Please note the matters below are not an exhaustive list of all possible problem areas since the CAP by its nature is limited in scope.)

- **CAP Finding:** *For fiscal year ending 12/31/04, Local 1048 and its responsible officers filed a deficient LM-3 Labor Organization Annual Report with the Secretary of Labor, in violation of LMRDA Section 201(b).* Specifically, Local 1048's fiscal year 2004 Form LM-3 contained these errors:
 1. Local 1048 did not accurately report Marsha Lewis' gross salary in Column D of Item 24. The reported entry was \$0, but Ms. Lewis actually received \$2,036.25 in lost time pay and regular salary.
 2. Local 1048 did not accurately report Joseph Cargile's gross salary in Column D of Item 24. The reported entry was \$1,759, but Mr. Cargile actually received \$901.36 in lost time pay and regular salary.
 3. Local 1048 did not accurately report your direct and indirect reimbursed expenses in Column E of Item 24. The reported entry was \$0, but Local 1048 actually paid you and your credit card companies \$17,015.20 for reimbursement of mileage, per diem, travel, and office supplies.

4. Local 1048 did not accurately report Bradley Plank's other disbursements in Column E of Item 24. The reported entry was \$1,092, but Local 1048 actually paid Mr. Plank \$1,514.16 beyond his net salary.
5. Local 1048 did not report the purchase of a fixed asset. The union paid your credit card company for a \$2,204.75 charge at Best Buy to purchase a computer as authorized by the union's executive board. This transaction should have been listed in Item 52.

To correct the reporting violations, please file with OLMS an amended Form LM-3 for fiscal year 2004 no later than January 16, 2006. Mail the amended report to me at U.S.

Department of Labor, Office of Labor-Management Standards, 46 East Ohio Street, Room 511, Indianapolis, IN 46204.

- **CAP Finding:** *Local 1048 failed to maintain adequate records to verify, explain or clarify, or to use in checking on the accuracy or completeness of reports required to be filed with the Secretary of Labor, in violation of LMRDA Section 206. Specifically, Local 1048 committed these record keeping violations:*
 1. Your monthly expense reports did not describe the nature of business you performed when you claimed reimbursement for mileage and per diem. You need to prepare expense reports that contain explanations of sufficient detail to confirm your claims have been submitted for authorized purposes and to protect the union's treasury from misuse.
 2. Your monthly expense reports did not explain why you claimed varying rates of per diem on different dates.
 3. You failed to report who ate meals and how those meals involved union business for restaurant charges that the union paid your credit card company. As noted above, the explanations must be of sufficient detail to confirm the claims were submitted for authorized purposes and to protect the union's treasury from misuse.
 4. Local 1048 failed to maintain all credit card records for transactions that the union paid on your behalf. Such records should include monthly statements listing the transactions you claimed for reimbursement, credit card receipts, and any other supporting documentation provided by the vendor.
 5. Local 1048 failed to maintain vendor receipts when the union reimbursed Mr. Plank for lunches. Mr. Plank also failed to adequately describe who attended the luncheons and how they involved union business.
 6. Local 1048 failed to maintain records in all cases that adequately explained the reasons for which officers claimed lost time. In many instances, lost time vouchers only contained the two word explanation, "union business." More detailed explanations are

necessary to verify that the claims have been submitted for authorized purposes and to protect the union's treasury from misuse.

7. Local 1048 failed to maintain adequate supporting documentation for a disbursement to the University of Illinois. While meeting minutes mention an arbitration training event, Local 1048 did not keep anything from the university about the solicitation or acceptance of a registration fee.

You have agreed to ensure that Local 1048 abides by LMRDA record keeping requirements in the future. OLMS considers such agreement an act of voluntary compliance to resolve the violation. Please share this information with other officers of Local 1048 and stress that future violations could result in civil or criminal sanctions.

- **CAP Finding:** Local 1048 lacks adequate internal financial controls to combat what is commonly known as "double dipping." I performed a sample analysis of the first half of fiscal year 2004 for dates when you both claimed per diem and were also reimbursed for actual meal expenses. The analysis revealed that on 33 different dates you submitted credit card receipts for reimbursement totaling \$1,272.55 in meals when you also claimed \$685.36 in per diem. At least some of the actual meal expenses appear to have involved union meetings. If you did not partake of those meals, then you should have explained as much in Local 1048's records. However, if you benefited from both the actual expenses and per diem on the same dates, then Local 1048 should establish a policy about this practice. Otherwise, your or other officers who perform similar acts risk prosecution for embezzlement.

I want to extend my personal appreciation for your union's cooperation and courtesy during this compliance audit. If the Department of Labor can be of any assistance in the future, please do not hesitate to call me at (317) 614-0013.

Sincerely,



Investigator

Enclosure

cc: David Ruhmkorff, IBEW International Representative
Jeff Carter, IBEW International Representative