



November 3, 2005

Mr. David Hall, Business Manager &  
Ms. Rhonda Smith, Treasurer  
IBEW, Local 695  
421 South 8<sup>th</sup> Street  
St. Joseph, Missouri 64501

Dear Mr. Hall and Ms. Smith:

This office has recently completed an audit of Local 695 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, Rhonda Smith on November 2, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The local did not maintain backup documents for some of its disbursements associated with its yearly golf tournament. In addition, the local did not maintain specific, organized receipts for meal expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

Union officers failed to submit lost time claim/voucher or failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Specifically, there were not lost time records for lost time taken by union members in May and June 2004. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

As agreed, provided that local 695 maintains adequate documentation for its disbursements and lost time payments in the future, no additional action will be taken regarding this violation.

The CAP also disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 695 amended its constitution and bylaws in 2003, but a copy of the constitution and bylaws was not filed with the Local 695's LM-3 report for that year.

Two copies of Local 695's constitution and bylaws were obtained during the audit. Therefore, this matter has been resolved.

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. The local's officers are currently bonded for \$20,000. They must be bonded for at least \$23,285. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please contact me or any other representative of our office.

Sincerely,

Dennis L. Eckert  
District Director

By:   
Investigator

cc: 