



February 10, 2016

Mr. Hugh Boyd, Treasurer  
Electrical Workers, IBEW, AFL-CIO, Local 104  
130 West Street  
Walpole, MA 02081

Case Number: 110-6005440  
LM Number: 034-928

Dear Mr. Boyd:

This office has recently completed an audit of Electrical Workers Local 104 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 on January 21, 2016, 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 Electrical Workers Local 104's 2014 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 104 did not retain adequate documentation for credit card expenses totaling at least \$5,249.21. The credit card expenses lacking validating receipts or properly documented receipts were primarily for meals charged by union officers. 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 restaurants where the officers or employees incurred meal expenses.

As previously 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. Lost Wages

Local 104 did not retain adequate documentation for lost wage reimbursement payments to union members/employees in 14 instances. 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 104 did not use lost wage vouchers but did document the request for lost wage payments using emails between the treasurer and the office administrator preparing the checks. There were 64 lost wage payments of which 10 were not documented in an email and an additional four had emails that were not properly documented with the required information.

During the exit interview, I provided a sample of an expense voucher Local 104 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 expenses.

## 3. Union Owned/Leased Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2.

Local 104 incurred and reported expenses for automobiles during 2014, but did not maintain records documenting business versus personal use of the union vehicles. The LM-2 instructions include specific rules for reporting automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2, allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

Based on your assurance that Local 104 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

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 LM-2 filed by Electrical Workers Local 104 for fiscal year ending December 31, 2014, was deficient in the following areas:

1. Disbursement to Officers and Employees

Local 104 did not include lost wage payments to employees totaling \$26,187.46 in Schedule 12 (To Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for expenses they incurred while conducting union business

2. Automobile Expenses

Local 104 included in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees), Column F, disbursements for the operation and maintenance of union automobiles assigned to each officer/employee. However, the local did not report an explanation in Item 69 (Additional Information) that the officers and employees used the vehicles part of the time for personal business.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedules 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column

G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

I am not requiring that Local 104 file an amended LM Report for 2014 to correct the deficient items, but Local 104 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Expense Policy

The audit revealed that officers traveling on union business accompanied by their spouses to conferences in Las Vegas, Nevada (Sept.9-12, 2014) and Duck Key, Florida (Feb. 8-11, 2104), used the union's credit card to purchase their spouses' meals. The local's expense reimbursement policy dated April 11, 2006 states, "The union will pay expenses for employees and fiduciaries only, not for spouses, family members, or friends. Meals for spouses or individuals accompanying a union officer shall not be paid by the union." Prior to the conclusion of the audit, the officers reviewed their conference meal expenses and reimbursed the local for their spouses' portion of the meal charges.

I want to extend my personal appreciation to Electrical Workers Local 104 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: Brian Pierce, President