

U.S. Department of Labor

Office of Labor-Management Standards
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January 15, 2010

Mr. Mike Stacks, Financial Secretary
Electrical Workers IBEW AFL-CIO
Local 311
6650 Gamble Rd
Birchwood, TN 37308

LM File Number 047-648
Case Number: [REDACTED]

Dear Mr. Stacks:

This office has recently completed an audit of IBEW Local 311 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 05, 2010, 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.

The CAP disclosed the following findings:

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 311's 2009 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 311 did not maintain an inventory of the t-shirts it purchased and sold. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. 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 / Item 30.

The union must record in at least one record the date and amount received from each sale of union t-shirts, hats, jackets and other items.

2. Receipt Dates not Recorded

Entries in Local 311's computer generated receipts records reflect the date the union deposited money, but not the date 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. Failure to Maintain Records

Local 311 did not retain voided checks and bank deposit slips during the entire audit period.

The labor organization must retain bank records for all accounts. In addition, records by which all account balances, can be verified, explained, and clarified must be maintained. As a general rule, labor organizations must maintain all records used or received in the course of union business.

Based on your assurance that Local 311 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 311's officers and employees are currently bonded for \$10,000.00, but they must be bonded for at least \$14,514.00. Local 311 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than January 29, 2010.

I want to extend my personal appreciation to IBEW Local 311 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,

Mr. Mike Stacks
January 15, 2010
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Investigator

cc: Michael Dagnan, President