

U.S. Department of Labor

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July 8, 2008

Mr. Paul Shaffer, Business Agent
Electrical Workers IBEW AFL-CIO
Local 474
1870 Madison Avenue
Memphis, TN 38104

LM File Number 044-468
Case Number: [REDACTED]

Dear Mr. Shaffer:

This office has recently completed an audit of IBEW LU 474 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, Glenn Greenwell, and Mike Haley on May 28, 2008, 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 474's 2006 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 474 did not record correctly in its receipts journal and duplicate receipts some receipts from the sale of supplies. Some duplicate receipts did not identify the source of the funds or who prepared the receipt. The amounts from sale of supplies included in the receipts journal should reflect the same amount and be properly documented in the duplicate receipts. For example: receipts from the sale of supplies totaling \$145.50 from various dates were understated in the receipts journal and on various dates a total of \$206.53 was overstated in the receipts journal. In addition, the local did not record interest earned on certificates of deposit totaling at least \$3,400.00. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Information not Recorded in Meeting Minutes

Motions for expenditures were recorded in the minutes; however, the names of the individuals who made or seconded the motion were not recorded.

Based on your assurance that Local 474 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 (Form LM-2) filed by Local 474 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 474 did not include payments to officers and employees for attending meetings totaling at least \$3,600.00 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements 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 reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 474 file an amended LM report for 2006 to correct the deficient items, but Local 474 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Automobile Usage and Vacation Policy

As I discussed during the exit interview with you, Glenn Greenwell, and Mike Haley, the audit revealed that Local 474 does not have a clear policy regarding the personal use of the union owned automobiles. Local 474 also does not have a clear policy regarding the recordation of available and used vacation time for the

officers and employees. OLMS recommends that unions adopt written guidelines concerning such matters.

3. Salary Increases

Any changes in salary for any officer or employee of the local should be recorded. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

I want to extend my personal appreciation to IBEW LU 474 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: Glenn Greenwell, President

Mike Haley, Assistant Business Agent