

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
1000 Liberty Avenue
Room 1411
Pittsburgh, PA 15222
(412)395-6925 Fax: (412)395-5409



November 25, 2008

Mr. George Nalevanko, Financial Secretary
Auto Workers, AFL-CIO
Local 204
1221 Beaver Run Road
Greensburg, PA 15601

LM File Number 060864
Case Number: [REDACTED]

Dear Mr. Nalevanko:

This office has recently completed an audit of Auto Workers Local 204 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 November 24, 2008, no violations of the LMRDA were disclosed in areas of financial activity included in the CAP. This does not exhaust all possible problem areas, however, since the audit conducted was limited in scope and did not include all areas of your union's operation.

I want to extend my personal appreciation to Auto Workers Local 204 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,

[REDACTED]
Investigator

cc: Ronald Almond, Local 204 President

U.S. Department of Labor

Employment Standards Administration
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November 10,2008

Mr. Jeff Rotunda, Financial Secretary
Electrical Workers IBEW AFL-CIO
Local Union 684
639 Braddock Avenue
East Pittsburgh, PA 15112-1258

LM File Number: 541-958

Case Number: [REDACTED]

Dear Mr. Rotunda:

This office has recently completed an audit of Electrical Workers UE Ind Local Union 684 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 President Crystal Pratt and you on November 7,2008, 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.

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 684's 2008 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit, Ms. Pratt advised OLMS that the membership authorized payment of officer stipends in a previous year at a membership meeting. Ms. Pratt also advised OLMS that the membership authorized payment of officers' expenses to attend conventions as well as payment of local union hall expenses including rent and utilities. Section 6(a) of UE Local #684 Constitution requires that the Recording Secretary shall keep all records of the meetings of the local Union and of the Local Executive Board. However, Local 684 maintained no minutes of those meetings. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Local 684 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and, therefore, was correctly reported. 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.

3. Lost Wages

Local 684 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$631.64. 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 684 officers and employees did not identify on the lost wage vouchers the union business conducted.

4. General Reimbursed Expenses

Local 684 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$350.00. For example,

- a. Check dated June 18, 2007, payable to Fuller Hose Gravel Pit Park in the amount of \$160.00 did not have any supporting documentation. The purpose on the check and local's voucher is listed as "Pavilion Rental Picnic."
- b. Check dated September 1, 2007, payable to Mike Zehner in the amount of \$190.00 did not have any supporting documentation. The purpose on the check and local's voucher is listed as "Picnic Clown Children."

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.

Based on your assurance that Local 684 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-3 filed by Local 684 for fiscal year ending 04/30/2008, was deficient in the following areas:

1. Disbursements to Officers

Local 684 did not include some reimbursements to officers totaling at least \$98.19 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46.

Local 684 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 684 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 684 file an amended LM report for 2008 to correct the deficient items, but Local 684 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Signing Blank Checks

During the audit, you advised that President Pratt signs blank checks; however, if President Pratt is not available, Recording Secretary Wilkinson or Executive Board member Benden sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 684 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Electrical Workers UE Ind Local Union 684 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials

Mr. Jeff Rotunda
November 10, 2008
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Sincerely,

[REDACTED]

Investigator

cc: Crystal Pratt, President