

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
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Kansas City, MO 64108-2438
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May 1, 2008

Mr. Daniel Buel, President/ Business Manager
IBEW AFL-CIO
Local 1974
13306 Stevens Street
Omaha, NE 68137

LM File Number 028-730

Case Number: [REDACTED]

Dear Mr. Buel:

This office has recently completed an audit of IBEW Local 1974 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 yourself and Treasurer Steve O'Dell on April 24, 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:

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 1974's 2007 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 1974 did not retain adequate documentation for credit card expenses incurred for some travel, particularly hotel bills. As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records. This was discussed in our exit interview and you agreed to make sure all original bills and invoices will be maintained in the future.

2. Disposition of Property

Local 1974 did not maintain an inventory of t-shirts, gift cards, and other property it purchased, sold, or gave away. 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 30.

The union must record in at least one record the date and amount received from each sale of union hats, t-shirts, and other items. We discussed this in the exit interview and you agreed to keep a record of this in the future.

3. Failure to Record Receipts

Local 1974 did not record in its receipts records some money brought in by the local from its vending machine and t-shirt sales. All money received and disbursed by the local (including petty cash) must be properly accounted for. 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. This was also discussed during the exit interview and it was agreed these records will be maintained in the future.

4. Receipt Dates Not Recorded

Entries in Local 1974's receipts journal 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. It was agreed during the exit interview that you would record the receipts when received in the future.

Based on your assurance that Local 1974 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 1974 for fiscal year ending June, 30, 2007, was deficient in the following areas:

1. Acquire/ Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered "yes" because the union gave away t-shirts and gift cards during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "December membership meeting attendees."

2. Officer Allowances

As we discussed in the exit interview, and with your auditor, officer allowances for the president and vice president of your local were misreported on the LM-3 report. The instructions for filling out the Form LM-3 report state an exception to what is considered an officer allowance, "indirect disbursements for temporary lodging (room rent charges only) or transportation by public carrier necessary for conducting official business while the officer is in travel status away from his or her home and principal place of employment with your organization if payment is made by your organization directly to the provider or through a credit arrangement and these disbursements are reported in Item 48" (Office and Administrative Expense).

Along with this, it is not necessary to select "yes" for Item 17 due to the above circumstances.

3. COPE Fund

All bank accounts which receive and disburse money for the local must be reported on the LM-3 report. If the local has a PAC fund and has filed a publicly available report with another federal or state agency, it is not necessary to include these funds in the LM-3; otherwise these funds must be included in the report. Since your COPE Fund is not being reported elsewhere, it should be included on the LM-3 Report.

4. Loans Receivable

The local receives monthly payments from two other locals for an agreement made regarding ownership of the building. Due to the nature of the contract made, this is considered to be a loan receivable which must be reported in Item 26 of the LM-3 report.

5. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 1974 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year. Local 1974 has now filed a copy of its constitution and bylaws.

Mr. Daniel Buel
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Local 1974 must file an amended Form LM-3 for fiscal year ending June 30, 2007, to correct the deficient items discussed above. The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 26, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to IBEW Local 1974 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: Steve O'Dell, Treasurer

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street
Room 9 109E
St. Louis, MO 63103
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May 1, 2008

Mr. Steve Dowell, President
Iron Workers Local 577
2441 East County Road
La Harpe, IL 61450

LM File Number 028-315

Case Number: [REDACTED]

Dear Mr. Dowell:

This office has recently completed an audit of Iron Workers Local 577 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 Treasurer Douglas Crist on April 25, 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 577's 2007 records revealed the following recordkeeping violations:

1. Failure to Maintain Certificate of Deposit Statements

Iron Workers local 577 did not retain statements for all of the union's certificates of deposit. Additionally, no other union record was retained stating the interest earned or balance of the certificates of deposit. Thus, the local did not record in its receipts records interest earned on certificates of deposit totaling at least \$700. Union receipt 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. Failure to Maintain Receipts

Iron Workers Local 577 did not maintain receipt records for all expenditures. For example, a computer and printer cable were purchased from Staples on February 10, 2007 totaling \$394.32. Labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer 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 577 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Signing Blank Checks

During the audit, you advised that Former President _____ signed blank checks. Your union's constitution requires 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.

2. Business Manager Doug Crist Vacation Policy

During the audit, it was revealed that Treasurer/Business Manager Doug Crist was paid an additional six paychecks in 2007. The disbursement journal indicated these payments were for vacation. Your by-laws state the business representative shall be entitled to two weeks paid vacation for each elected year of his term of office. The by-laws do not state that pay can be taken in lieu of time off, nor do they authorize vacation to be carried over from year to year. Additionally, the meeting minutes do not reflect membership approval for these disbursements. OLMS recommends that Local 577 establish a written review procedure relating to the vacation policy.

I want to extend my personal appreciation to Iron Workers Local 577 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: Douglas Crist, Treasurer