

U.S. Department of Labor
Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760
Philadelphia, PA 191 06
(215)861-4818 Fax: (215)861-4819

September 2, 2008

Mr. Robert Bair, Business Manager/Financial Secretary
Electrical Workers (IBEW) AFL-CIO
Local 143
1501 Revere Street
Harrisburg, PA 17104

LM File Number 034-677
Case Number: ||| ||| ||| ||| ||| ||| ||| |||

Dear Mr. Bair:

This office has recently completed an audit of IBEW Local 143 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 and President Kirby Artz on August 27, 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 Electrical Workers IBEW 143's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 143 did not retain adequate documentation for reimbursed expenses incurred by former Business Manager/Financial Secretary ||| totaling at least \$8,000.00. For example, ||| received check # ||| for \$2,511.18 as a reimbursement for travel expenses ||| incurred while conducting union business. Union records did not contain backup documentation verifying the purpose of ||| travel. Receipts for some disbursements were also missing from union records. During the audit OLMS obtained documentation verifying that the reimbursed travel expenses totaling \$2,511.18 were incurred by ||| while attending mandatory officer trainings and meeting in August, September and October of 2007.

Labor organizations must obtain and retain original receipts, bills, and vouchers for all 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 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. Market Recovery Fund Disbursements

Local 143 did not retain adequate documentation for funds disbursed from the market recovery fund totaling \$4,000.00. IBEW 143 disbursed three undocumented market recovery fund checks during the audit year. The first two checks went to G.E. Services for a total of \$3,000.00. The last check was to HERRE BROS for \$1,000.00. Union records note the purpose of all three checks was market recovery fund payments. Union records did not contain bid proposals or contracts for any of the disbursements. In addition union records did not contain authorization for one of the market recovery fund disbursements.

During the audit OLMS contacted G.E. Services and HERRE BROS. Representatives for both companies attested that they did not sign a contract or submit any paper work to IBEW 143 for the above mentioned market recovery funds they received. Representatives for both companies confirmed entering into verbal agreements with IBEW 143 to provide market recovery funds for specified projects. The purpose of the funds was to pay the wages of IBEW 143 members that worked on the projects. The only paper work both companies submitted to IBEW 143 was invoices to receive payment once the projects were complete.

Labor organizations must obtain and retain original receipts, bills, and vouchers for all disbursements. These documents must provide 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. 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.

3. Petty Cash Disbursements

During the audit year Local 143 made at least \$13,000 in petty cash disbursements but did not consistently maintain adequate backup documentation to verify the purpose of those disbursements. For example, on December 5, 2006 a disbursement of \$200.00 was made from the petty cash fund as a Christmas Donation. Although union records do contain authorization from the membership to disburse Christmas donations, union records do not contain the name of the person or persons that received the \$200.00 donation.

Labor organizations must retain original receipts, bills, and vouchers for all disbursements. These records must detail 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. 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.

4. Disposition of Property

Local 143 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. During the year the union disbursed at least \$8,842.00 for the purchase of supplies for resale to the membership. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. 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. In addition, the union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

5. 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 143 incurred expenses totaling at least \$5,800.00 for automobiles during 2007. During the organizational interview former Business Manager/Financial Secretary ||| informed OLMS that the union allows officers to use union vehicles for personal use. However, Local 143 did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 instructions include specific rules for the reporting of 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 IBEW Local 143 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to IBEW Local 143 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: President Kirby Artz