

U.S. Department of Labor

Employment Standards Administration
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October 24, 2008

Mr. David Johnson, Business Manager
Electrical Workers Local 1505
2 Rainin Road
Woburn, MA 01801

LM File Number: 041-198

Case Number: [REDACTED]

Dear Mr. Johnson:

This office has recently completed an audit of Electrical Workers Local 1505 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 exit interview with you on October 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.

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 Local 1505's 2007 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses and Credit Card Expenses

Local 1505 did not retain adequate documentation for reimbursed mileage expenses, and credit card expenses totaling at least \$7,798. The travel expense vouchers submitted for mileage reimbursement did not sufficiently identify the union purpose for the expense. Many of the vouchers listed the purpose as "meeting" or "union business." Credit card expenses for some hotel and airline tickets did not have a corresponding bill, ticket, or receipt.

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.

2. Union Owned/Leased Vehicles

Per Local 1505's Policy Guide, "The Business Manager shall be allowed to use the local's automobile for personal use. However any expenses incurred during the private use of the local's automobile are the responsibility of the Business Manager." Local 1505 did not maintain records documenting business versus personal use of the union vehicle. The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs of 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 Local 1505 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 LM-2 filed by Local 1505 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Disbursements To Officers and Employees

Local 1505 did not report reimbursements to officers and employees totaling at least \$6,162 in Schedules 11 and 12, Item F (Disbursement For Official Business). 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.

2. Automobile Expenses

Local 1505 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of the union owned automobile.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compare with miles driven for personal use. Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedules 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business.

3. Acquire/Dispose of Property

Item 15 (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 bibles totaling more than \$1,443 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 "members" or "new retirees." In addition the union must report the cost, book value, and trade-in allowance for assets traded in.

4. Sale of Supplies

Local 1505 did not correctly report receipts from the sale of supplies. The audit revealed that during the audit year, Local 1505 received \$2,900 from the sale of union jackets. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale).

I am not requiring that Local 1505 file an amended report for 2007 to correct the deficient items, but Local 1505 has agreed to properly report the deficient items on all future report it files with OLMS.

I want to extend my personal appreciation to Electrical Workers Local 1505 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,

Mark Letizi
District Director

cc: Ms. Betty LaPointe, President