



July 12, 2012

Mr. James Jackson, Business Manager
Electrical Workers (IBEW) Local 2084
5858 East Molloy Road, Suite 114a
Syracuse, NY 13211

Case Number: [REDACTED]
LM Number: 057290

Dear Mr. Jackson:

This office has recently completed an audit of Electrical Workers (IBEW) Local 2084 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 May 29, 2012, 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.

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 62 for the fiscal year ended July 31, 2011, was deficient in that or deficient in the following areas:

1. Disbursements to Officers

Local 2084 did not include reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). For example, reimbursements to the business manager totaling at least \$3,895 were not reported in Item 24.

The union must report most direct disbursements to Local 2084 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. Direct disbursements to officers include reimbursements to officers for gift cards, door prizes, office supplies, rental of meeting rooms, and refreshments for meetings. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense). 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).

The union also failed to report deductions from payments to officers in Item 24, Line 10 (Less Deductions). The net disbursements to officers in Item 24, Line 11 (Net Disbursements) and cash disbursements to officers in Item 45 (To Officers) are incorrect. The LM-3 instructions require the union to enter disbursements for the transmittal of withheld taxes and other payroll deductions in Item 54 (Other Disbursements).

2. Acquire/Dispose of Property

Item 13 (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 and gift cards during the year. The union must identify the type and value of any property 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."

3. Sale of Supplies

The local did not correctly report receipts from the sale of supplies. The audit revealed that during fiscal year 2011, the local collected receipts totaling at least \$480 for items it re-sold to members. The LM-3 instructions require that the union report proceeds from the sale of supplies in Item 43 (Other Receipts). The union must also report the value of any supplies for resale on hand at the beginning and the end of the year in Item 30 (Other Assets).

I am not requiring that Local 2084 file an amended LM report for 2011 to correct the deficient items, but Local 2084 has agreed to properly report the deficient items on all future reports it files with OLMS.

4. 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 2084 amended its constitution and bylaws in 2011, and did not file a copy with its LM report for that year.

Local 2084 has now filed a copy of its constitution and bylaws.

Other Issues

1. Duplicate Receipts

A small number of members of Local 2084 pay dues directly to the union. Although the business manager records dues payments in the union's receipts journal, the financial secretary and stewards that collect dues at the job site do not issue receipts to dues payers. OLMS recommends that Local 2084 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Inventory of Fixed Assets

As discussed with you during the compliance audit and the exit interview, it is recommended that the union maintain an inventory list of its assets. An inventory list will help you identify, account for, and determine the total value of your union's fixed assets.

3. Lost Time Policy

Although adequate supporting documentation was available for lost time payments made in fiscal year 2011, the audit revealed the local did not have written guidelines for lost time payments. OLMS recommends unions adopt a written policy for administering lost time payments. The enclosed OLMS compliance tip titled *Union Lost Time Payments* offers suggestions for developing a lost time policy.

I want to extend my personal appreciation to you 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: Mr. David Pickard, President

Enclosure