

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 11, 2008

Mr. James Farley, Treasurer
NAGE
159 Burgin Parkway
Quincy, MA 02169-4213

LM File Number: 540-279

Case Number: [REDACTED]

Dear Mr. Farley:

This office has recently completed an audit of IAEP Local 1, NAGE, under the Compliance Audit Program (CAP) to determine the 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 September 5, 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 IAEP Local 1's 2006 records revealed the following recordkeeping violations:

1. General Disbursements and Reimbursed Expenses

Local 1 did not retain adequate documentation for expenses incurred by union officers and employees totaling at least \$3,418.26. For example, the local did not have receipts for \$2,409 paid to Vice President Hockhousen for cell phone, airfare, and hotel expenses.

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. Lack of Allowance Authorization

Local 1 did not maintain records to verify that the monthly executive board stipends paid to the officers was the authorized amount. The union must keep a record, such as meeting minutes, to show the current stipend allowance authorized by the entity or individual in the union with the authority to establish salaries and allowances.

Based on the knowledge that IAEP Local 1 de-certified in October 2006 and turned in all of the local's records to NAGE, 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 union and its responsible officers failed to file the

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required annual financial report, LM-3 for fiscal year ending August 31, 2006, with the Secretary of Labor in violation of 29 U.S.C. 431(b).

I am requiring that NAGE file a Form LM-3 for IAEP Local 1 for the fiscal year ending August 31, 2006 to clear the delinquency and file a terminal report for the period the local was in existence before de-certifying. At the compliance audit exit interview, you complied and gave OLMS both the fiscal year and terminal financial reports for IAEP Local 1.

I want to extend my personal appreciation to NAGE for the cooperation and courtesy extended during this compliance audit. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

Mark Letizi
District Director