



October 24, 2014

Mr. John Holliday, President
Engineers, Operating AFL-CIO Local 917
Post Office Box 23769
Chattanooga, TN 37422

Case Number: 410-6000184
LM Number: 007129

Dear Mr. Holliday:

This office has recently completed an audit of Engineers, Operating AFL-CIO Local 917 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, Business Agent David Rhea, and Attorney Jan Jennings on October 23, 2014, 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 917's 2013 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 917 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges.

For example, there were several meal receipts that provided the names in attendance but the purpose of the union business conducted was not provided. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Information not Recorded in Meeting Minutes

During the audit, Business Agent David Rhea advised OLMS that the membership and executive board authorized officers' salaries during a membership meeting and failed to note the approval in the meeting minutes. Article XIII, Section 4 of the local's bylaws requires that the business manager's salary be authorized by the executive board and approved by the union membership]. Additionally, Article VII, Section 4 of the local's bylaws states that union employee salaries are subject to the approval of the executive board. However, the minutes of the meeting do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. Local 917 has corrected this issue by receiving approval for business manager and employee salaries at the local's July 2014 meeting and documenting the approval in its minutes.

Based on your assurance that Local 917 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-2) filed by Local 917 for the fiscal year ended June 30, 2013 was deficient in that:

Disbursements to Officers and Employees (LM-2)

Local 917 did not include some reimbursements to officers and employees totaling at least \$1,500 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). 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.

I am not requiring that Local 917 file an amended LM report for 2013 to correct the deficient items, but Local 917 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Engineers, Operating AFL-CIO Local 917 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. Jan Jennings, Attorney