



August 30, 2022

Mr. Stephen Chabot, President
Electrical Workers, UE, Local 279

Case Number: 110-6023636()
LM Number: 043-459

Dear Mr. Chabot:

This office has recently completed an audit of UE, Local 279 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, Jason Gallant, and [REDACTED] on August 24, 2022, 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 279's 2021 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 279 did not retain adequate documentation for reimbursed expenses incurred by Jason Gallant and [REDACTED] totaling at least \$238. The union did not maintain

supporting invoices/receipts for reimbursements to Gallant and [REDACTED] for charitable donations.

As 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. Meal Expenses

Local 279's 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. The union reimbursed two meal expenses, totaling \$172.65, that lacked adequate documentation. 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.

3. Failure to Record Receipts

Local 279 did not sufficiently record in its receipts records some member dues totaling at least \$115. On March 11, 2021, the union recorded a deposit in the union's checking account but did not indicate the source of the funds or when the union received the funds.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Lost Wages

Local 279 did not retain adequate documentation for lost wage reimbursement payments to Jason Gallant, Steve Chabot, and [REDACTED], totaling at least \$3,895. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 279's lost wage vouchers did not identify the date on which the lost wages were incurred.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 279 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

5. Lack of Salary Authorization

Local 279 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 279 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-3) filed by Local 279 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Disbursements to Officers

Local 279 did not properly report some payments to officers totaling at least \$172.65 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The union must report the gross salary of each officer (before tax withholdings and other payroll deductions) in Item 24, column D. The amount reported in this field should also include disbursements for lost time. Item 24, column E should include the total of all other direct and direct disbursements to each officer other than salary. As an example, meal reimbursements should be included in the total for Item 24, column E.

The union must report most direct disbursements to Local 279 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. 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).

2. Reporting of Office and Administrative Expenses (Item 48)

Local 279 incorrectly reported \$839 as an office and administrative expense. The total recorded under Item 48 should reflect the union’s disbursements for ordinary office and administrative expenses, such as rent, utilities, office supplies, and postage.

Union records indicate these funds were used to purchase a new laptop computer and printer and should have been reported in Item 52 (Purchase of Investments and Fixed Assets).

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 279's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

I am not requiring that Local 279 file an amended LM report for 2021 to correct the deficient items, but Local 279 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Signing Blank Checks

During the audit, you advised that officers occasionally sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 279 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UE Local 279 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. Jason Gallant, Treasurer