



November 22, 2022

Mr. Andrew Kirk, Business Manager/Financial Secretary
Electrical Workers Local 1347
2100 Oak Road
Cincinnati, OH 45241

Case Number: 350-6025261()
LM Number: 030-821

SENT VIA ELECTRONIC MAIL TO [REDACTED] *and* [REDACTED]

Dear Mr. Kirk:

This office has recently completed an audit of Electrical Workers Local 1347 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 and Local 1347's Accountant [REDACTED] on November 16, 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 1347's 2021 records revealed the following recordkeeping violations:

1. General Expenses

Local 1347 did not retain adequate documentation for all expenses. For example, on October 25, 2021, the union made a disbursement of \$183.25 to Expedia and there was no corresponding documentation.

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. Credit Card Expenses

Local 1347 did not retain adequate documentation for credit card expenses incurred by you totaling at least \$771.46. For example, there were six payments to Verizon Wireless, totaling \$209.60, and there was no corresponding documentation.

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.

3. Meal Expenses

Local 1347 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$409.40. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1347's records of meal expenses must include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, itemized receipts were not retained for \$63.54 in meal expenses incurred by you at the Butterbees American Grill in Mt. Orab, Ohio on June 29, 2021. 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.

4. Reimbursed Auto Expenses

You received reimbursement for business use of your personal vehicles and did not retain adequate documentation to support payments totaling at least \$11,387.21 during 2021. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each

use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

5. Rental Expense

Local 1347 did not retain documentation for twelve payments of \$700.00, totaling \$8,400.00, to Teamsters Local 100. 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-2 report, are responsible for properly maintaining union records.

6. Disposition of Property

Local 1347 did not maintain an inventory of decals, jackets, t-shirts, hats, bibles, watches, face masks, belt buckles, lapel pins, hand sanitizer, and a refrigerator purchased. The union must report the value of any assets on hand at the beginning and end of each year in Item 27 (Fixed Assets) and Item 28 of the LM-2 (Other Assets). Therefore, Local 1347 must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Statement A. In addition, the union must maintain a record of property purchased, sold, donated, or otherwise disposed of and report that information on the LM-2 in the appropriate items. In the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

7. Lost Wages

Local 1347 did not retain adequate documentation for lost wage reimbursement payments to officers. 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 1347 did not maintain the required records.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1347 may use to satisfy this requirement. The sample identifies the type of information and documentation that the union must maintain for lost wages and other officer expenses.

8. Information not Recorded in Meeting Minutes

Local 1347 failed to maintain minutes of membership meetings held from January to May 2021, via the telephone. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

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 1347 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. 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, watches, t-shirts, hats, belt buckles, decals, face masks, hand sanitizer, and lapel pins totaling more than \$28,969.00 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 that it traded in.

2. Failure to Itemize Disbursement

Local 1347 did not properly report several "major" transactions in Schedules 15 to 19. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found the union made twelve payments totaling \$15,937.50 to Baker Business and Tax Solutions; seven payments totaling \$11,466.96 to Blackout Tees; one payment totaling \$5,700.00 to Chamberlin Owen; three payments totaling \$5,950.48 to Doll, Jansen, and Ford; twelve payments totaling \$8,400.00 to Teamsters Local 100; one payment totaling \$10,000.00 to WKRC; and one payment totaling \$10,140.00 to WLWT, which were not properly reported.

3. 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 1347 amended its bylaws on February 10, 2021 but did not file a copy with its LM report for that year.

As agreed, Local 1347 will file a copy of its current bylaws with OLMS as soon as possible but not later than December 16, 2022.

Local 1347 must file an amended Form LM-2 for the fiscal year ended December 31, 2021, to correct the deficient items discussed above and additional errors listed on an error summary provided to you. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than December 16, 2022. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Credit Card Expense Policy

The audit revealed Local 1347 does not have a policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union debit cards. You informed OLMS that personal charges cannot be made on the credit card, but this policy is not in writing. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Lost Time Policy

As I discussed during the exit interview with you, the audit revealed Local 1347 does not have a clear policy regarding lost time. Local 1347's lost time policy failed to address the rate of pay, authorization procedures, and required documents that must be submitted for a lost time claim. OLMS recommends that unions adopt written guidelines concerning such matters.

3. Meal Reimbursement Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 1347 does not have a clear policy regarding the types of expenses personnel may claim for meal reimbursements. OLMS recommends that unions adopt written guidelines concerning meals and other expenses to help ensure effective internal controls and safeguard union assets.

4. Signatories on Investment Accounts

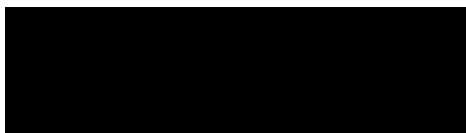
Former Local 1347 Executive Board Member Patrick Kallahar remains a signatory on the two accounts at Principal Securities. OLMS recommends Local 1347 update signatories on the accounts to the current officers.

Based on your assurance that Local 1347 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Electrical Workers Local 1347 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. Raymond Fowee, President