U.S. Department of Labor

Employment Standards Administration
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July 2, 2007

Mr. Gerald Connor, Treasurer
Electrical Workers IBEW AFL-CIO
Local 1238
6 Larch Avenue
Wilmington, DE 19720

LM File Number 007-440
Case Number: [redacted]

Dear Mr. Connor:

This office has recently completed an audit of Electrical Workers IBEW Local 1238 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 June 27, 2007, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and record keeping 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 1238's 2005records revealed the following record keeping violations:

1. Meal Expenses

   Local 1238 records of meal expenses did not always include written explanations of the union business conducted or the names and titles of the persons incurring the restaurant charges. A review was conducted of meal expenses charged to the union credit cards in February, May and October 2005. During the review period, President Stephen Newberry made two meal expense charges totaling $106.54; Business Manager John Boulden made nineteen meal expense charges totaling $1,074.04 and Assistant Business Manager Paul Simon made three meal expense charges totaling $149.00 for which the union maintained the receipts but not adequate documentation of the expenditures. 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. Lost Time

   Local 1238 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling atleast $9,295.74. 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 1238 maintained payroll and deduction records for lost time reimbursements, but records did not identify the union business conducted.

   During the exit interview, I provided a sample of an expense voucher Local 1238 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.

Other Issues

1. Retirees and "A Members" pay dues directly to the union. You advised me that you record dues payments in the union's receipts journal, but do not issue receipts to the dues payers. OLMS recommends that Local 1238 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.

I want to extend my personal appreciation to Electrical Workers IBEW Local 1238 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,

[redacted]
Investigator

cc: President Stephen Newberry