

U.S. Department of Labor

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September 2, 2009

Mr. James Adkisson, Financial-Secretary
Insulators AFL-CIO
Local 86
115 Harris Street
Madison, TN 37115

LM File Number 023-223
Case Number: [REDACTED]

Dear Mr. Adkisson:

This office has recently completed an audit of Insulators Local 86 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 August 28, 2009, 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.

The CAP disclosed:

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 86's 2008 records revealed the following recordkeeping violations:

1. Lost Wages

Local 86 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$1,000. 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 86 did not retain lost wage vouchers detailing the union business conducted, the date, and rate of pay.

Enclosed with this letter is a sample of an expense voucher Local 86 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.

2. Lack of Salary Authorization

Local 86 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 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 86 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Duplicate Receipts

Members of Local 86 submit payments for the mortuary fund directly to the union. Mr. Anthony Nicholson records the payments in the union's receipts journal, but he does not issue receipts to the fund payers. OLMS recommends that Local 86 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.

2. Two Signatories

Local 86 has only one signatory on all union checks. 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 union check with one signature does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 86 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Insulators Local 86 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,



Mr. James Adkisson
September 2, 2009
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Investigator

cc: William P. Tidwell, President