



May 24, 2013

Mr. Angelo Colella, Treasurer
Utility Workers Council Local 318
32 Hillcrest Circle
Swampscott, MA 01907

Case Number: 110-17621-[REDACTED]
LM Number: 516989

Dear Mr. Colella:

This office has recently completed an audit of Utility Workers Council Local 318 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 on May 24, 2013, 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.

Recording 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 318's 2011 records revealed the following recordkeeping violations:

1. Officer Salaries and Lost Time Claims

Local 318 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$14,305.88. 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 of 71 lost time vouchers examined, none described the union business conducted.

2. Failure to Record Receipts

Local 318 did not record in its receipts records sale of holiday party tickets. While union deposit records show that 52 deposits are attributable to ticket sales, there are no corresponding union record that indicates the total number of tickets available and total number of tickets sold.

Based on your assurance that Local 318 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 318 for the fiscal year ended December 31, 2011, was deficient in that:

Cash Reconciliation

It appears that the cash figures reported in Item 24 Line 10 (Less Deductions) was added instead of subtracted from Line 9. The total amount of withheld taxes, payroll deductions, and other deductions must be reported in Item 54 (Other Disbursements). The aforementioned clerical error resulted in a cash reconciliation imbalance.

Local 318 must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than June 10, 2013. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Utility Workers Council Local 318 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. Shane Sabino, President