



March 13, 2018

Mr. Ronnie Barnett, Treasurer
IBT Division 182
8105 Beechfield Drive
North Little Rock, AR 72116

Case Number: 420-6012228 [REDACTED]
LM Number: 004223

Dear Mr. Barnett:

This office has recently completed an audit of IBT Division 182 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, President Daron Watson, 1st Vice Local Chairman Kim Thomas, and Local Chairman Tom Epps on December 13, 2017, 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 Violation

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 IBT Division 182's 2016 records revealed the following recordkeeping violation:

General Reimbursed Expenses

IBT Division 182 did not retain adequate documentation for reimbursed expenses incurred by Kim Thomas totaling at least \$11.30. For example, there were no receipts or vouchers for reimbursement checks number [REDACTED] and [REDACTED].

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.

Based on your assurance that IBT Division 182 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 IBT Division 182 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Disbursements to Officers

IBT Division 182 did not include some reimbursements to Tom Epps and Ronald Barnett totaling at least \$4,469.69 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 5.

The union must report most direct disbursements to IBT Division 182 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. Certificates of Deposit and Savings Account Not Reported

IBT Division 182 did not report the value of a certificate of deposit and funds in the savings account on the LM-3 report. For LM reporting purposes, OLMS considers a certificate of deposit and funds in a savings account to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

3. Withholding Taxes Reported as Benefits

IBT Division 182 reported federal and state withholding taxes as benefits in Item 50 Benefits on the LM-3 for FYE 12/31/16. Those deductions should be reported in Item 54 Other Disbursements.

IBT Division 182 has filed an amended Form LM-3 for the fiscal year ended December 31, 2016, which corrected the deficient items discussed above.

I want to extend my personal appreciation to IBT Division 182 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. Daron Watson, President
Mr. Kim Thomas, 1st Vice Local Chairman
Mr. Chris Youngblood, 2nd Vice Local Chairman
Mr. Thomas Epps, Local Chairman
Mr. David Denson, Legislative Representative