



May 18, 2018

Mr. Frank Gentry, President
Electrical Workers Local 2270
2414 Tapley Lane
Wilmington, DE 19808

Case Number: 140-6011866 [REDACTED]
LM Number: 066-364

Dear Mr. Gentry:

This office has recently completed an audit of Electrical Workers Local 2270 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 April 27, 2018, 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 2270's 2016 records revealed the following recordkeeping violations:

1. Book Balances for the Start and End of Year

Local 2270 did not maintain book balances for the audit year. Unions should keep a record of its book balances as reconciled with the bank statements. The LM-3 instructions for Statement A (Assets and Liabilities) state that checking account balances reported should

be obtained from your organization's book balances as reconciled with the balances shown on bank statements.

2. Failure to Record Receipts

Local 2270 did not record in its receipts records adequate identification of all money the union receives. For example, Local 2270 received dues remittance checks from IBEW System Council 7, yet failed to record in their receipts records adequate information regarding the deposits. The records should show the date and amount received, and the source of the money.

3. Receipt Dates not Recorded

Local 2270 did not maintain a general ledger or receipts journal to reflect the date the union received money. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

4. General Reimbursed Expenses

Local 2270 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$766.00. For example, on April 20, 2016, former officer Thomas Rapposelli received a check for \$105.72. You advised that this check was most likely for postage in conjunction with Rapposelli's duties as Local 2270 Recording Secretary.

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 Local 2270 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 2270 for the fiscal year ended December 31, 2017, was deficient in that:

1. Cash Reconciliation

Although not the audit year, a review of Local 2270's Form LM-3 filed for fiscal year ending 2017 revealed a discrepancy in the cash reconciliation. It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 2270's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 2270 must file an amended Form LM-3 for the fiscal year ended December 31, 2017, to correct the deficient item discussed above. 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-3 must be filed no later than May 31, 2018. Before filing, review the report thoroughly to be sure it is complete and accurate.

2. 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 2270 amended its constitution and bylaws in 2016, but did not file a copy with its LM report for that year.

Local 2270 has now filed a copy of its constitution and bylaws.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 2270 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement, such as cell phone allowances for officers. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Duplicate Receipts

Members of Local 2270 pay dues directly to the union. As stated above, the audit revealed that Local 2270 was not recording receipts during the audit year. Furthermore, the union does not issue receipts to direct dues payers. OLMS recommends that Local 2270 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 Local 2270 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,

A large black rectangular redaction box covering the signature area.A smaller black rectangular redaction box covering the name of the investigator.

Investigator