

U.S. Department of Labor

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Office of Labor-Management Standards
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August 14, 2007

Mr. Larry Franklin, President
IBEW Local 2220
183 US Highway 62 West
Cynthiana, KY 41031

LM File Number: 064-444

Case Number: [REDACTED]

Dear Mr. Franklin:

This office has recently completed an audit of IBEW Local 2220 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 Investigator [REDACTED] discussed during the exit interview with Recording Secretary Clint Reed, Treasurer Gary Dale and you on August 10, 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.

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 2220's records for the fiscal year ending on June 30, 2007 revealed the following recordkeeping violations:

1. General Expenses

Local 2220 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees. For example, check numbered [REDACTED] made payable to Chamberlain Accounting & Tax Service for the 2006 LM-3 audit did not have supporting documentation within the union's records.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 2220's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges on numerous occasions during the fiscal year. 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.

3. Failure to Record Receipts

Local 2220 did not record in its receipts records some bank interest earned from its checking account totaling \$84.30 for the months of April, May and June 2007. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 2220 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit revealed 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 2220 last amended its bylaws in 2001, but did not file a copy with its LM report for that year. Local 2220 has now filed a copy of its most up-to-date bylaws.

Other Violation

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. Local 2220's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issue

Members of Local 2220 occasionally pay dues directly to the union. Union employees record dues payments in the union's receipts journal, but they do not issue receipts to dues payers. OLMS recommends that Local 2220 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 IBEW Local 2220 for the cooperation and courtesy extended to Investigator [REDACTED] 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,

Lesta A. Chandler
District Director

cc: Mr. Gary Dale, Treasurer