

U.S. Department of Labor

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October 28, 2009

Mr. Robert Corliss, President
Utility Workers of New England Inc.
Local 318
48 Emerson Avenue
Peabody, MA 01960

LM File Number 516-989
Case Number: || || || || || || || ||

Dear Mr. Corliss:

This office has recently completed an audit of Utility Workers 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 with Local Treasurer Scott Torrey and you on October 23, 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 and reporting violations.

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 318's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 318 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$600. For example, adequate documentation was not retained for reimbursements for computer software purchased for the local, convention expenses, and reimbursements for meals incurred while conducting official union business.

As previously 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.

2. Meal Expenses

Local 318 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,400. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 318 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. For example, meal expenses incurred by union officers while on official union business did not include all required information.

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. Other Expenses

Local 318 did not retain adequate documentation for local expenses totaling at least \$2,700. These expenses included: expenses of the local's holiday party, convention registration expenses, and donations made by the local.

As previously 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.

4. Lost Wages

Local 318 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$250. 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 318, did not retain adequate documentation for one lost time payment made to verify the amount paid, the date of the lost wages, or the union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 318 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.

5. Other Receipts

Local 318 did not retain adequate documentation for local receipts totaling at least \$78,000. These receipts included: check-off payments received from the local's

employer for members' dues and reimbursements received from the New England Gas Workers Alliance (NEGWA) for a local member's NEGWA expenses.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. 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.

6. Receipt Dates not Recorded

Entries in Local 318's general ledger reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. 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.

7. Information not Recorded in Meeting Minutes

Article XII, Section 2 of the Local 318 Bylaws requires that "large expenditures of money (\$500) for special work done, for investments, or for any other cause, shall not be allowed without having been approved by the majority of the members in attendance at a meeting of the Local that has been posted or mailed notifying the membership of the proposed expenditures." However, the minutes of the meeting do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

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 fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 318 did not include some reimbursements to officers totaling at least \$2,700 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46 (Employees) and Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 318 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union'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.

3. Failure to Report Receipts and Disbursements

Local 318 did not report at least \$9,200 in local receipts and at least \$11,700 in local disbursements in Statement B of the local's LM-3 for the fiscal year ending December 31, 2008. The Statement B instructions state that receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.

4. 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 318 amended its constitution and bylaws, but did not file an updated copy with OLMS.

Local 318 has now filed a copy of its constitution and bylaws.

Local 318 must file an amended Form LM-3 for fiscal year ending December 31, 2008, 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 November 13, 2009. 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 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,

Mark Letizi
District Director

cc: Scott Torrey, Treasurer