



February 12, 2014

Mr. Larry S. Roberts, President/Business Manager
Electrical Workers, IBEW, AFL-CIO
Local Union 1925
P. O. Box 64
Martin, TN 38237

Case Number: 410-4310569
LM Number: 055-048

Dear Mr. Roberts:

This office has recently completed an audit of Electrical Workers, IBEW, AFL-CIO, Local Union 1925 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 and Treasurer Kirk Coley on February 5, 2014, 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.

Reporting 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 1925's 2012 records revealed the following recordkeeping violations:

1. General Expenses

Local 1925 did not retain adequate documentation for general expenses totaling at least \$25,258.87. For example, Local 1925 paid \$450 monthly toward office space rental, but did not maintain any supporting documents for the expenditures. Additionally, the union disbursed \$20,062.60 toward several benefit funds, but the back-up documentation was not sufficiently descriptive.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. 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 1925 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$41.80. 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 1925 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, you incurred meal expenses but not always identify the names and titles of those individuals who incurred the meal expense. 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. Reimbursed Auto Expenses

Mr. Roberts, you received reimbursement for business use of your personal vehicle, but did not retain adequate documentation to support payments to you totaling at least \$4,192 during 2012. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Receipt Records

Local 1925 did not always record in its duplicate receipt records the correct amounts of dues received from its members. For example, during a four-month period, the local recorded in its receipts records as having received \$4,910.50 in personal checks from its members, but the checks actually totaled \$5,254.50. The LM-3 instructions for Statement

B (Receipts and Disbursements) state that receipts must be recorded when money is actually received by the labor organization. Failure to record the correct amount of monies received could result in the union inaccurately reporting the amount of dues on the LM-3 report.

5. Receipt Dates not Recorded

Some Entries in Local 1925's duplicate receipt records reflect the date the member contacted the union about his or her intent to pay membership dues, 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.

6. Petty Cash Fund

The local maintained a petty cash fund during the audit year, but did not maintain records of the monies deposited into or disbursed from the fund. For example, the local collected from its members at least \$8,504 in cash during the audit year, but retained at least \$103.50 to replenish the petty cash fund. However, there were no records documenting the replenishment of the fund. Additionally, the local did not maintain adequate records of the cash disbursements from the fund. For example, the union maintained receipts totaling at least \$235.51 for cash purchases. The receipts were for either cash disbursements from the petty cash fund or unreimbursed purchases made by you, Mr. Roberts. However, you were unable to determine which receipts were for disbursements made from the petty cash fund.

Based on your assurance that Local 1925 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 1925 for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. Disbursements to Officers

Local 1925 did not include some reimbursements to an officer totaling at least \$7,004.10 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the

union erroneously reported these payments in Item 48 (Office and Administrative Expense).

Local 1925 did not report the names of some officers and the total amounts of payments to them or on their behalf, if any, in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 1925 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. Other Receipts

Local 1925 did not include some donations it received from other IBEW affiliates totaling at least \$85,760 in Item 43 (Other Receipts). It appears the union erroneously reported these receipts in Item 40 (Fees, Fines, and Assessments & Work Permits).

3. Contributions, Gifts, and Grants

Local 1925 did not include disbursements for contribution and gifts totaling at least \$2,600 during the audit year. It appears the union erroneously reported the disbursements in Item 54 (Other Disbursements).

4. Benefits

Local 1925 did not include indirect disbursements of benefit payments on behalf of an officer totaling at least \$20,062.60. The disbursements were reported in Item 54 (Other Disbursements).

5. Financial Items

Local 1925 failed to complete the following financial items with a number or "0."

Rates of Dues and Fees

Item 23(c) Transfer Fees

Item 23 (d) Work Permits

Item 24 (All Officers and Disbursements to Officers), Columns D, E, and F for every line that has an entry in Column A

Item 24 (All Officers and Disbursements to Officers), Line 10 (Less Deductions)

Statement A (Assets and Liabilities)

Item 26 (Loans Receivable), Columns (A) and (B)

Item 27 (U.S. Treasury Securities), Columns (A) and (B)

Item 28 (Investments), Columns (A) and (B)

Item 29 (Fixed Assets), Columns (A) and (B)

Item 30 (Other Assets), Columns (A) and (B)

Item 31 (Total Assets), Columns (A) and (B)

Item 32 (Accounts Payable), Columns (A) and (B)

Item 33 (Loans Payable), Columns (A) and (B)

Item 34 (Mortgages Payables), Columns (A) and (B)

Item 35 (Other Liabilities), Columns (A) and (B)

Item 36 (Total Liabilities), Columns (A) and (B)

Statement B (Receipts and Disbursements)

Item 39 (Per Capita Tax)

Item 42 (Sale of Investments & Fixed Assets)

Item 43 (Other Receipts)

Item 46 (To Employees)

Item 50 (Benefits)

Item 51 (Contributions, Gifts & Grants)

Item 52 (Purchase of Investments & Fixed Assets)

Item 53 (Loans Made)

The LM-3 instructions require unions to complete Item 24 and all items in Statement A and Statement B. These items must be completed with either a number or a single "0." Union must report all amounts in dollars only, and round cents to the nearest dollar.

6. Fixed Assets

Local 1925 had fixed assets at the beginning of the audit year, but failed to report the book value of the assets in Items 29 (Fixed Assets), Columns (A) and (B) of the LM-3 report.

7. Purchase of Investments & Fixed Assets

Local 1925 did not include some purchases of fixed assets totaling at least \$42.80 during the audit year. It appears the local reported the purchase in Item 48 (Office & Administrative Expense).

8. 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 1925 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year. Local 1925 has now filed a copy of its constitution and bylaws.

Local 1925 must file an amended Form LM-3 for the fiscal year ended December 31, 2012, to correct the deficient items discussed above. I encourage Local 1925 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than March 5, 2014 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

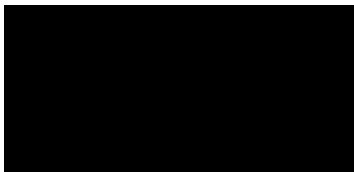
Other Issue

Mileage Policy

Mr. Roberts, as I discussed during the exit interview with you, the audit revealed that Local 1925 does not have a clear policy regarding payment of mileage for the use of your personal vehicle to commute from your residence to the union office. OLMS recommends that unions adopt clear written guidelines concerning such matter.

I want to extend my personal appreciation to Electrical Workers, IBEW, AFL-CIO, Local Union 1925 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 solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Kirk Coley, Treasurer