



December 10, 2014

Mr. John O'Toole, Business Manager
Electrical Workers, IBEW, AFL-CIO
Local 1040
111 South Road
Farmington, CT 06032

Case Number: 110-6002538
LM Number: 021-644

Dear Mr. O'Toole:

This office has recently completed an audit of Electrical Workers Local 1040 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 December 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.

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 Electrical Workers Local 1040's 2012 records revealed the following recordkeeping violations:

1. Meal and Credit Card Expenses

Local 1040 did not retain adequate documentation for meal and credit card expenses incurred by union officers and employees totaling at least \$7,083.84. The local retained two meal receipts totaling \$103.13 but the receipts were not properly documented with the names of the participants or the union purpose. The local reimbursed the business manager for one of those meals totaling \$33.44 but the audit revealed that the meal had been charged to the local's credit card. The local failed to retain receipts for the individual purchases made with the American Express card totaling \$6,980. 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 restaurants where the officers or employees incurred meal expenses.

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. Lost Wages

Local 1040 did not retain adequate documentation for lost wage disbursements for officers and employees totaling at least \$1,943.98. 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 1040 did not have any lost time vouchers to support the seven payments to the president and three stewards conducting union business.

Based on your assurance that Local 1040 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 LM-3 filed by Electrical Workers Local 1040 for fiscal year ending December 31, 2012, was deficient in the following areas:

1. 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.

2. Cash Receipts

Local 1040 did not properly report cash receipts. The local reported the transfer of funds from a CD to the checking account and another CD as "Other Receipts." The local also over reported dues received by \$766.06 in Item 38 (Dues).

3. Disbursements to Officers

Local 1040 did not include some disbursements made by and for the benefit of the business manager totaling at least \$1,211 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears that the union erroneously reported these payments in Item 54 (Other Disbursements).

Electrical Workers Local 1040 must file an amended Form LM-3 for fiscal year ending December 31, 2012, to correct the deficient items discussed above. I 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 January 5, 2015. 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 Electrical Workers Local 1040 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: Rick Polowitz, President