



January 26, 2015

Mr. Dennis Adame, Secretary Treasurer
Independent Employees Service Association
P.O. Box 8185
Anaheim, CA 92812

Case Number: 520-6002928 [REDACTED]
LM Number: 517592

Dear Mr. Adame:

This office has recently completed an audit of Independent Employees Service Association (IESA) 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 union attorney [REDACTED] on January 20, 2015, 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 IESA's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

IESA did not retain adequate documentation for union credit card expenses incurred by President Melanie Young and Vice President Ryan Hoover totaling at least \$538.85. For

example, invoices for monthly payments made to Yahoo for \$39.95 were not retained.

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.

2. Receipt Records

IESA did not retain adequate documentation for receipts totaling at least \$128.00. For example, a deposit made on March 21, 2013 for \$128.00 did not have adequate documentation detailing the source of the funds.

3. Expense Authorizations Not Recorded in Meeting Minutes

IESA failed to maintain meeting minutes or any other type of meeting documentation which would disclose the legitimacy of disbursements, as well as proper approval and authorization for payment. IESA Constitution Article V, Section 3 states that "No disbursement shall be made without the sanction of the Union." A review of the general membership meeting minutes found no discussion or approval of monthly disbursements by the membership or the executive board. In addition, Mr. Adame advised that IESA was not maintaining meeting minutes for executive board meetings. Minutes of all membership or executive board meetings must document any disbursements approved and authorized, as appropriate, at those meetings.

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

Other Issues

Disbursement Policy

As discussed during the exit interview with Mr. Adame, the audit revealed that IESA did not have a written disbursement policy. Authorization of expenses is an important matter that should be recorded in union records. Once the union has adopted written guidelines, please forward a copy to me at the address above.

I want to extend my personal appreciation to Independent Employees Service Association 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: Ms. Melanie Young, President