



September 29, 2016

Mr. Kevin Billingsley, Financial Secretary
Electrical Workers, IBEW, AFL-CIO, Local 186
517 Oxford Circle
Schererville, IN 46375

Case Number: 310-6008689
LM Number: 030463

Dear Mr. Billingsley:

This office has recently completed an audit of Electrical Workers Local 186 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 September 27, 2016, 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 186's records for fiscal year ended June 30, 2015, revealed the following recordkeeping violations:

1. Lack of Expense Supporting Documentation

Local 186 did not retain adequate supporting documentation for approximately 10 disbursements by check totaling \$3,228.14. For example, a per capita tax statement in support of a \$2,484.78 payment to the IBEW was not maintained. In addition, no supporting documents were maintained for a \$574.00 payment to President Michael Davies for convention related travel expenses.

As noted above, labor organizations must retain original bills, invoices, and receipts 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 Dates not Recorded

Entries in Local 186's quarterly audit reports, the only union record in which receipts were recorded, 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.

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 186 for the fiscal year ended June 30, 2015, was deficient in the following areas:

1. Disbursements to Officers

Local 186 did not include a \$1,415.35 lost time payment and a \$574.00 travel expense reimbursement to the president in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). The LM-3 Instructions require lost time payments to be reported in Item 24(D) (Gross Salary) and reimbursed expenses in Item 24(E) (Allowances and Other Disbursements).

In addition, Local 186 did not report the names of the two executive board officers, Steve Osborne and Paul Gonzales, in Item 24 because they did not receive any payments during

the fiscal year. The union must report in Item 24 all persons who held office during the fiscal year, regardless of whether they received any payments from the union. Finally, salary payments to you were over reported in Item 24(D) by \$48.00. The audit revealed that the \$48.00 should have been reported as salary of past financial secretary Andrew Schaffer.

The union must report most direct disbursements to Local 186 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. 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 186 amended its bylaws in March 2015, but did not file a copy with its LM report for fiscal year ended June 30, 2015.

Local 186 has now filed a copy of its current bylaws.

I am not requiring that Local 186 file an amended LM report for fiscal year ended June 30, 2015, to correct the deficient items, but Local 186 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Electrical Workers Local 186 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: Mr. Michael Davies, President