



April 7, 2017

Ms. Michelle Bell, President
IBEW Local 1451
1701 W. Market Street
York, PA 17404

Case Number: 140-6009306 [REDACTED]
LM Number: 004147

Dear Ms. Bell:

This office has recently completed an audit of IBEW Local 1451 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 March 30, 2017, 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 1451's 2015 records revealed the following recordkeeping violations:

1. Lack of Backup Documentation for Disbursements

Local 1451 did not retain adequate documentation for disbursements totaling at least \$1,900. For example, the local did not retain backup documentation for per capita

payments made to the SCT-1 Council. Adequate backup documentation must be maintained to verify, explain, and clarify all disbursements.

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. Reimbursed Travel Expenses

Local 1451 did not retain adequate documentation for reimbursed travel expenses to union officers and employees on at least eight occasions. For example, Local 1451 retained expense vouchers for all union trips for which officers and employees were reimbursed; however, at least eight of the vouchers did not contain all information required to be maintained for travel expense reimbursement.

The union must maintain documentation and records in support of the reimbursement of travel expenses that identify information about the travel, including, but not limited to, the dates of the trip, where the officer/employee traveled, and the union purpose of the trip. During the exit interview, I suggested you review compliance tip sheet, *Reimbursed Travel Expense Payments*, on the OLMS website (www.dol.gov/olms). The compliance tip sheet contains a sample of a travel expense voucher Local 1451 may use to satisfy this requirement. The sample identifies the type of information and documentation the local must maintain for travel expense reimbursement.

3. Lost Time

Local 1451 did not retain adequate documentation for lost time reimbursement payments to union officers and employees on at least seven occasions. The union must maintain records in support of lost time 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 1451 retained lost time vouchers for all instances of lost time; however, at least seven lost time vouchers did not contain all information required to be maintained for lost time payments.

During the exit interview, I suggested you review compliance tip sheet, *Union Lost Time Payments*, on the OLMS website. The compliance tip sheet contains a sample of an expense voucher Local 1451 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.

4. Source of Receipts not Recorded

Entries in Local 1451's receipts journal did not identify the source or purpose of over \$870 in funds that were deposited in the local's checking account. Union receipts records must

identify the source of funds, amount received, date received, and purpose of the payment to the local.

During the exit interview, I suggested you review compliance tip sheet, *Recordkeeping for and Reporting of Receipts*, on the OLMS website. This compliance tip sheet provides guidance on proper recordkeeping and reporting of union receipts.

5. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that minutes of executive board meetings were not taken or maintained. Minutes must be taken at all membership and executive board meetings and those minutes must be maintained by the local. The minutes must report any authorization or approval of disbursements made at those meetings.

During the exit interview, I suggested you review compliance tip sheet, *Authorization and Documentation of Expenditures*, on the OLMS website. This compliance tip sheet provides guidance on how to properly document the authorization and approval of disbursements in the local's meeting minutes.

Based on your assurance that Local 1451 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Expense Reimbursement Policy

As I discussed during the exit interview with you, the audit revealed that Local 1451 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters. Compliance tip sheet, *Reimbursed Travel Expense Payments*, contains suggestions for adopting a clear travel reimbursement policy.

2. Lost Time Policy

As I discussed during the exit interview with you, the audit revealed that Local 1451 does not have a clear lost time policy. OLMS recommends that unions adopt written guidelines concerning such matters. Compliance tip sheet, *Union Lost Time Payments*, contains suggestions for adopting a clear lost time policy.

3. Duplicate Receipts

A majority of Local 1451's receipts are dues that are directly deposited into the local's checking account; however, Local 1451 occasionally receives funds from other sources. OLMS recommends that Local 1451 use a duplicate receipt system where the union issues original pre-numbered receipts to entities that make payments directly to the union and retain copies of those receipts. A duplicate receipt system is an effective internal control

because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to IBEW Local 1451 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