



February 3, 2017

Mr. Gerald Doland, President
IBEW Local 1833
415 West Second Street
Elmira, NY 14901

Case Number: 110-6008460
LM Number: 010008

Dear Mr. Doland:

This office has recently completed an audit of IBEW Local 1833 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 Bookkeeper Joyce Nolan on January 25, 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 1833's 2016 records revealed the following recordkeeping violations:

1. Gift Cards

The union failed to maintain sufficient records to support the distribution of gift cards to members during the period. The audit found the union maintained receipts to support the purchase of the gift cards to be distributed however, no record was maintained to document which members received such gifts. OLMS suggests a record be maintained to not only

support the purchase but also to document the date of distribution and the member who received the gift.

2. 50/50 Raffles

The union failed to sufficiently document the collection of funds for the union's 50/50 raffles throughout the period. The union should maintain a record of the total amount collected for such raffles during the period, the winner of each raffle, and the amount subsequently deposited to the union's account. Union receipts records must include an adequate identification of all money the union receives including those funds collected for 50/50 raffles. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 1833 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 Local 1833 for the fiscal year ended June 30, 2016, was deficient in the following areas:

1. Failure to Report Dues Accurately

Local 1833 failed to properly report the dues in Item 38 (Dues). The audit found the union collected \$103,398 in dues during the period, however the union only reported \$94,652 in Item 38.

The LM-3 instructions state for Item 38, report the full dues received by your organization, including any portion that will later be transmitted to an intermediate or parent body as per capita tax.

2. Cash Reported at the Beginning of the Fiscal Year

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 1833'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. The cash at the start of the reporting period (Item 25A) may not have included all account balances as reconciled.

3. Receipt Dates not Recorded

Entries in Local 1833's check register/stubs 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.

4. Disbursements to Officers

Local 1833 failed to properly report payments to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported in Column E, Allowances and Other Disbursements for local President Doland as \$5,671 when it was determined by the records provided that \$3,908 was reimbursed directly or paid to a credit card company on his behalf.

The union must report most direct disbursements to Local 1833 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).

I am not requiring that Local 1833 file an amended LM report for 2016 to correct the deficient items, but Local 1833 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 1833 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,

[REDACTED]

Investigator

cc: Ms. Susan Reed, Treasurer
[REDACTED], Bookkeeper
[REDACTED] EA