



January 30, 2019

Mr. Brian E. Kenney, Business Manager/Financial
Secretary
Electrical Workers IBEW AFL-CIO, Local Union 455
474 Page Boulevard
Springfield, MA 01104

Case Number: 110-6012005 [REDACTED]
LM Number: 012158

Dear Mr. Kenney:

This office has completed an audit of International Brotherhood of Electrical Workers, Local 455 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 January 30, 2019, 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 455's 2017 records revealed the following recordkeeping violations:

General Reimbursed and Credit Card Expenses

Local 455 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Business Manager/Financial Secretary Brian Kenney totaling at least \$481.94. For example, on September 12, 2016, \$60.00 was charged to the union's American

Express Credit Card by United Airlines, but no supporting documentation for the charge was 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.

Meal Expenses

Local 455 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$860. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 455 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on August 22, 2016, \$43.92 was charged to the union's American Express Credit Card by 99 Restaurant & Pub, but no supporting documentation for the charge was retained. 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 names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 455 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(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 455 amended its constitution and bylaws in 2017, but did not file a copy with its LM report for that year.

Local 455 has now filed a copy of its constitution and bylaws.

Other Issues

Expense Policy

As I discussed during the exit interview with Business Manager/Financial Secretary Brian Kenney, the audit revealed that Local 455 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged

to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

Use of Signature Stamp

During the audit, Business Manager/Financial Secretary Brian Kenney advised that it is Local 455's practice to occasionally use a signature stamp for checks. During the opening interview you indicated that the all checks require two signatures from either the treasurer, president, or vice president. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 455 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Electrical Workers IBEW AFL-CIO, Local Union 455 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,



Senior Investigator

cc: Mr. Tom Albano, President