



March 12, 2024

Shaun Campbell, President
Electrical Workers Local Union 463
434 College Street
Somerset, KY 42501

Case Number: 350-6028032()
LM Number: 009-589

Sent via electronic mail only to: [REDACTED]

Dear Mr. Campbell:

This office has recently completed an audit of Electrical Workers Local Union 463 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 February 15, 2024, 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 463's 2023 records revealed the following recordkeeping violations:

1. General Reimbursed, Meal, and Auto Expenses

Local 463 often combined multiple reimbursements on one check for expenses incurred by you, Treasurer Kevin Isom, Recording Secretary Ryan Kirby, Vice President Jackie Davidson, and former Treasurer Mike Bales, but did not retain adequate documentation for the supplies, donations, and meal or auto expenses totaling at least \$6,461.50. Officers sent texts to the treasurer reporting a dollar amount incurred for union business, but invoices were not produced.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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 463's 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. 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 incurred meal expenses.

In addition, you, Kirby, and Isom received reimbursement for business use of personal vehicles but did not retain adequate documentation to support the payments. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles traveled by an officer or employee who was reimbursed for mileage expenses.

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. Lost Wages

Local 462 did not retain adequate documentation for at least five lost wage reimbursement payments to union officers. The union must maintain records in support of lost wage 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 463 did not retain a voucher with the date the wages were lost, hours for each date, the pay rate, or the business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 463 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.

3. Disposition of Property

Local 463 did not maintain an inventory of shirts and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Failure to Retain Voided Checks

Local 463 did not maintain voided checks but was instead shredding the voided checks and maintaining the check stubs. LMRDA Section 206 requires unions to maintain financial records for five years after LM reports are filed.

5. Failure to Record Receipts & Receipt Dates not Recorded

Local 463 did not maintain accurate receipts records or books for dues deposited and interest earned during the year. The receipts consist of dues directly deposited in the checking account, reimbursements, and interest earned totaling at least \$88,529.37.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. 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.

6. Failure to Retain Certificate of Deposit Records

Local 463 owns a certificate of deposit valued at approximately \$23,000 at Citizens Bank & Trust Company, but had no record of the account. To ensure accuracy of the LM report, the union must maintain records of all accounts held in its name.

7. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorizes all disbursements at the monthly membership meeting. Article XVII Section 1(g) of the IBEW constitution requires action from the local membership for disbursements other than regular pay or standing bills such as rent, salaries, and payments due the I.S.T. Article XVII Section 3

requires local unions to keep accurate minutes of all meetings for authorized disbursements. However, your minutes do not contain any reference for disbursements other than regular reoccurring bills. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 463 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 Form LM-3 filed by Local 463 for the fiscal year ended June 30, 2023, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away shirts totaling at least \$3,447.70 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 463'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.

3. 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 463 amended its bylaws in 2021 but did not file a copy with its LM report for that year.

Local 463 has now filed a copy of its amended bylaws.

I want to extend my personal appreciation to Electrical Workers Local Union 463 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you

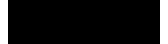
Shaun Campbell

March 12, 2024

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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: Kevin Isom, Treasurer
Ryan Kirby, Recording Secretary