



March 12, 2024

Thai Nguyen, President
Electrical Workers UE Independent Local 1187
PO Box 819
Elk Point, SD 57025

Case Number: 320-6027404()
LM Number: 509542

Dear President Nguyen:

This office has recently completed an audit of Electrical Workers Local 1187 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 and Treasurer Beau Lundquist on February 29, 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.

Record Keeping 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 1187's 2022 records revealed the following recordkeeping violations:

1. Disbursements to Vendors

Local 1187 did not retain adequate documentation for disbursements to vendors totaling at least \$6,161. For example, adequate supporting documentation was not retained for four per capita payments totaling \$6,132.57 Local 1187 made to the United Electrical,

Radio and Machine Workers of America (UE) during the audit period. In support of these disbursements, Local 1187 only retained vouchers and carbon copies of the checks issued to the UE, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The presidents 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 1187 did not retain adequate documentation for lost wage reimbursement payments to you, Vice President Clayton Merryman, Recording Secretary Joel Houck, and former Treasurer Rick Scheel totaling at least \$7,469. 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 the union retained vouchers and other records for lost time, but in many instances the vouchers and records were insufficient because they did not identify the actual date lost wages were incurred.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1187 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.

Based on your assurance that Local 1187 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 1187 amended its constitution and bylaws in 1994 but did not file a copy with its LM report for that year.

As agreed, Local 1187 will electronically file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than March 19, 2024 using the Electronic Forms System (EFS) constitution and bylaws submission process. The EFS help page contains a PowerPoint presentation that assists unions with this process.

Other Issues

1. Two Signatures on Checks

Sections 6(f), 7, and 9(h) of Local 1187's constitution and bylaws require the treasurer to sign checks jointly with the president or vice president (in the absence of the president). However, the audit revealed that Local 1187 checks are only signed by either the treasurer or the 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. OLMS recommends that Local 1187 review its disbursements procedures to improve internal control of union funds.

2. Lost Wage Policy and Possible Over and Underpayments

Local 1187 reimburses members for wages lost at Load King on occasions they are absent from work to conduct union business; however, the union does not have written policies that adequately document its lost wage reimbursement policies. At the opening interview, you and Recording Secretary Houck advised OLMS that the union's lost wage policies are "passed down by word-of-mouth."

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments. OLMS recommends that unions: (1) adopt clear policies and procedures for making lost time or similar payments, and (2) use vouchers that require detailed information to support lost time payments. These practices will allow the union to properly report lost time payments on the Labor Organization Annual Report, Form LM-3.

OLMS recommends that union policies and procedures for lost wages be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time. You may want to have your union's trustees or auditors compare the steps taken to pay lost time with the union's policies to make sure that all required procedures are being followed.

Additionally, a comparison of the lost wage claims submitted by Vice President Merryman, former Treasurer Scheel, and you during the audit period with payroll records received from your employer revealed that Vice President Merryman, former Treasurer Scheel, and you appear to have been underpaid a net total of \$114.24, \$123.72, and \$165.58, respectively. The comparison also found that Recording Secretary Houck appears to have been overpaid a net total of \$561.40 during this period. At the exit interview, you and Treasurer Lundquist advised that you would review the lost time claims submitted by you and the other officers noted above with the local's executive board and membership to determine the appropriate actions to take. OLMS recommends

a careful review of lost wage claims as this can help ensure adequate internal controls and safeguard union assets.

I want to extend my personal appreciation to Electrical Workers Local 1187 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: Beau Lundquist, Treasurer