

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Houston Resident Investigator Office
2320 La Branch Street, Room 1107
Houston, Texas 77004
(713)718-3755 Fax: (713)718-3757



April 27, 2007

John Easton, Jr., Business Manager
IBEW Local 716
1475 North Loop West
Houston, Texas 77008

LM File Number 022-626
Case Number: [REDACTED]

Dear Mr. Easton:

This office has recently completed an audit of IBEW Local 716 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, President Alley, CPA Brendan Fielding, and Linda Kanaby on April 20, 2007, 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 716's 2006 records revealed the following recordkeeping violations:

1. Travel Vouchers and Receipts

Local 716 did not retain adequate documentation for travel expenses incurred by some union officials and members. Specifically, the local did not maintain travel vouchers and the receipts for travel performed where the union officials and members received a travel advance from the local.


As previously 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. Employee Fund

Adequate documentation was not retained for some disbursements related to the local's Employee Fund, a fund that only receives income from the local's office staff. For example, Local 716 did not retain sufficient documentation related to graduation and wedding gifts disbursed from this account. The local relied on these disbursements' cancelled checks. As described above, if an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information.

I want to extend my personal appreciation to IBEW Local 716 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: Mr. David Alley, President