U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood Street
Room 510
Buffalo, NY 14202-2465
(716)842-2900 Fax: (716)842-2901

April 2, 2007

Mr. Jay Lauder,
Secretary-Treasurer
Communications Workers
AFL-CIO Local 51025
P.O. Box 1133
Buffalo, NY 14207

Re: Case Number: [redacted]

Dear Mr. Lauder:

This office has recently completed an audit of under the Compliance Audit Program 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 March 30, 2007, the following problems were disclosed during the compliance audit. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

The audit of Local 51025's records for the fiscal year ending September 30, 2006 revealed the following recordkeeping violations:

- The union officers failed to maintain adequate documentation for reimbursed meal expenses paid for by the union. It is OLMS policy that all itemized meal receipts be retained in the union records. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the name of all individuals in

attendance should be included on the back of the receipt or in an equally descriptive record.

- The union's general ledger, maintained through QuickBooks, had several errors throughout the period. Some disbursements failed to be recorded at all and several were recorded improperly. For example check [redacted] was recorded in the union's records improperly. Although for most errors a journal entry adjustment was made during the period, a sufficient explanation is needed to verify the accuracy of the adjustment.

- Telephone bills were not retained in their entirety. Only the first page and/or summary page was retained for each disbursement. For some bills, the account telephone number was not included on the summary page. As long as CWA Local 51025 pays in full the telephone expenses of each officer, the local should maintain the entire bill for their records.

As agreed, provided that CWA Local 51025 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

The CAP 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 51025 for fiscal year ending September 30, 2006 was deficient in the following areas:

- Local 51025 failed to include some reimbursements to officers and employees in Item 24, Officers and Disbursements to Officers. Such payments appear to have been erroneously reported in Item 54, Other Disbursements.

  All direct disbursements to Local 51025 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

- The union reported that they received $3350 in per capita tax receipts during the period. This amount should be reported in Item 38, Dues. Per capita tax receipts are only reported if your organization is an intermediate or parent body; otherwise, enter "0" in Item 39.

- The union's total receipts were improperly reported. The union failed to report all receipts received during the period by [redacted] for the monthly health insurance premium paid by

the union on her behalf. This income should have been reported in Item 43, Other Receipts.

- The union failed to report per capita tax disbursed by the local in Item 47. The total amount of per capita tax the union paid as a condition or requirement of affiliation with your parent national or international union, state or central bodies, federation, or other labor organization must be reported in Item 47, Per capita tax.

I am not requiring that Local 51025 file an amended LM-3 report for 2006 to correct the deficient items, but as agreed, Local 51025 will properly report the deficient items on all future reports filed with this agency.

During the audit, I advised you that the union's total funds handled during the period required a minimum bond amount of $19,877. The union's current maximum amount recoverable is $20,000. I suggest the union carefully watch this amount to not fall below the minimum bond requirement under the LMRDA. Section 502 of the LMRDA requires that union officers and employees be bonded for no less than ten percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year.

I strongly urge that all records be maintained in as much detail as possible. On occasion, the union's record of meeting minutes could provide more detail especially concerning financial matters. Also, I advised you that all entries in the union's general ledger be as specific and detailed as possible. As noted, I suggest all disbursements recorded in QuickBooks be itemized individually rather than grouping several disbursements in one line entry.

I want to extend my personal appreciation to you 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: Michael Grimaldi
Kane & Sabo, CPA
5225 Sheridan Drive
Williamsville, NY 14221