



August 6, 2013

Terez Woods, President
Communications Workers AFL-CIO
Local Union 4309
2728 Euclid Avenue, Suite 300
Cleveland, Ohio 44115-2412

Case Number: 360-16360 [REDACTED]
LM Number: 058217

Dear Mrs. Woods:

This office has recently completed an audit of [REDACTED] 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 Secretary-Treasurer Vickie Hart on January 24, 2013, 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 4309's 2012 records revealed the following recordkeeping violations:

General Reimbursed and Debit Card Expenses

Local 4309 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by former Secretary-Treasurer [REDACTED], Vice President Kimberly Wynn and President Terez Woods totaling at least \$1,300. For example, there were debit card charges to Dave's Supermarket and Rascal House for refreshments and supplies for membership meetings. However, the receipts for these expenses were not maintained. In addition, Local Union 4309 made a donation to CWA District 4 for *We Are Ohio* campaign in the amount of \$1,000 but there was no supporting documentation.

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.

Based on your assurance that Local 4309 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-2 was not filed by Local 4309 for the fiscal year ended September 30, 2012 prior to the audit beginning.

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 4309 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. Copies of these documents were provided on January 7, 2013, therefore, no additional action is required.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 4309 had a policy, *Local 4309 Operating Practices – Personal Expense Reimbursement and Payment Policy* dated March 2006. This policy documented a clear policy regarding the types of expenses personnel may claim for reimbursement and the officers involved in the process. However, when discussing the findings of the audit, Woods indicated that the policy would need to be updated because the policy was inaccurate. OLMS recommends that unions

adopt written guidelines concerning such matters and submit to the membership and executive board for approval.

We are requesting that Local 4309 *Operating Practices* be updated and provide us with a copy of the revised policy.

2. Duplicate Receipts

Retired members of Local 4309 pay dues directly to the union. Vice President Wynn records dues payments in the union's receipts journal, but she does not issue receipts to dues payers. OLMS recommends that Local 4309 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned. Lost Wages

Local 4309 maintained vouchers for lost wages and salaries as a result of conducting union business. President Woods notifies the officer/member's employer that the individual is needed for union business and approval is granted. Woods documented the hours on a calendar, however, the hours are not verified against the employer records. 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. In addition, the union has at least \$70,000 paid to officers and members due to lost time. It is recommended that these payments be documented and reported during the executive board and membership meetings.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 4309 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. Officers Name on Bank Account and Other Financial Accounts

During the audit, it was revealed that a former officer's name was on the Franklin Templeton account. Please check all accounts held by Local Union 4309 to ensure that the officers that are responsible for the financial recordkeeping of the union are listed.

4. Local Union 4309 Wage and Expense Voucher

It was revealed that some of the *Local Union 4309 Wage and Expense Vouchers* were not signed by the approving officers. In addition, the voucher did not indicate the check number for the disbursement. It is recommended that all vouchers be completed accurately prior to issuing payment.

5. Local Union 4309 QuickBooks Entries

A review of the entries in the QuickBooks, Disbursement Journal, revealed that some of the check numbers did not match the *Local Union 4309 Wage and Expense Vouchers'* check numbers. For example, in the journal, Check Numbers [REDACTED], [REDACTED] and [REDACTED] were recorded as indicated, however, on the union's voucher and check stub these Check Numbers were documented as [REDACTED], [REDACTED] and [REDACTED], respectively. I was informed that these entries were supposed to be corrected by Local Union 4309 accountant, but the revisions were not made. Please be advised that entries recorded in the journal should match the entries on the voucher to ensure accuracy of amount and payee.

6. Local Union Secretary-Treasurer Duties

It was noted that another Local Union 4309 officer was performing the duties of the elected Local Union 4309 Secretary-Treasurer. Union officers have a duty to manage the funds and property of the union solely for the benefit of the union and its members in accordance with the union's constitution and bylaws.

The Labor-Management Reporting Disclosure Act (LMRDA) of 1959, Section 501(a) – Fiduciary Responsibility of Officers indicates a good recordkeeping system can help union officers meet their fiduciary responsibilities. In addition, it also provides a foundation for other internal financial controls.

I want to extend my personal appreciation to you and your executive board 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: Vickie Hart, Secretary-Treasurer