



September 16, 2015

Ms. Brenda Jones, President
Communication Workers Local 84999
2228 Lakeview Drive
Fort Wayne, IN 46808

Case Number: 310-6003910()
LM Number: 024224

Dear Ms. Jones:

This office has recently completed an audit of Communication Workers Local 84999 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 Financial Secretary Kenneth Smith on September 10, 2015, 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 Violation

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 84999's 2013-2014 records revealed the following recordkeeping violation:

Receipt Dates and Sources not Recorded

Entries in Local 8499's general ledger reflect the date money was deposited and do not identify the date money was received, sources of the payments, or the individual amounts received. The date, source, and amount of receipt is required to be recorded in union records 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 reporting some receipts on the LM-3 for a different year than the year it actually received them.

Based on your assurance that Local 84999 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 84999 for the fiscal year ended September 30, 2014, 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 Local 84999 gave away baseball tickets, zoo passes, bibles, pens, calendars and various goods to soldiers totaling more than \$7,500 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. Disbursements to Officers

Local 84999 failed to correctly report disbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers) totaling at least \$4,900. For example, the union's general ledger shows that officers and members received direct disbursements for a grievance settlement. However, nothing is reported in Column E (Allowances and Other Disbursements). It appears these payments were erroneously omitted from the report.

Most direct disbursements to Local 84999's 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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).

3. Statement B (Receipts & Disbursements)

Local 84999 misreported both receipts and disbursements by at least \$30,000. During the audit year, Local 84999 and its employer reached a grievance settlement agreement. The company disbursed \$30,000 to Local 84999, but this amount was not reported on the Item 43 (Other Receipts). In addition, the general ledger shows that the union disbursed at least \$29,988.00 to the membership for the grievance settlement. However, these disbursements were erroneously omitted from the report.

The purpose of Statement B (Receipts & Disbursements) is to report the flow of cash in and out of your organization during the reporting period. Since Statement B reports all cash flowing in and out of your organization, “netting” is not permitted. “Netting” is offsetting of receipts against disbursements and reporting on the balance (net) as either a receipt or disbursement. The amount received from the employer for the grievances settlement should have been reported in Item 43 (Other Receipts). The disbursements of the grievance settlement funds to officers should have been reported next to the officers’ names in Item 24 (see item two above), and the settlement payments to members should have been reported in Item 54 (Other Disbursements).

4. Signatures

Local 84999 filed its 2014 report using the OLMS Electronic Filing System (EFS). Although the report was accepted by the system, the report does not meet filing standards because it was signed by the same officer in the space reserved for signature by the president and treasurer (Item 57 and 58 (Signatures)). The LM instructions require that the report be signed by both the president and treasurer, or corresponding principal officers of the labor organization. Further, if an officer other than the president or treasurer signs the report, you must explain in Item 56 (Additional Information) why the president or treasurer did not sign the report.

5. 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 84999 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year. Local 84999 has now filed a copy of its constitution and bylaws.

Local 84999 must file an amended Form LM-3 for the fiscal year ended September 30, 2014, to correct the deficient items discussed above. I encourage Local 84999 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if

you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than October 14, 2015 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Issue

Lost Time Policy

The audit revealed some possible discrepancies concerning lost time payments to former Financial Secretaries [REDACTED] and [REDACTED]. The audit revealed that [REDACTED] submitted lost time claims from the union for October 9, 2013 and November 19, 2013 for eight hours each day. The employer records show that [REDACTED] worked at and was paid by the employer for eight hours on October 9, 2013 and for four hours on November 19, 2013. In total, [REDACTED] received \$307.20 in lost time payments in which no wages were actually lost. The audit also revealed that [REDACTED] submitted lost time claims from the union for November 18, 2013 and February 27, 2014 for eight hours each day. The employer records show that [REDACTED] worked at and was paid by the employer for eight hours November 18, 2013 and February 27, 2014. In total, [REDACTED] received \$376.65 in lost time payments in which no wages were actually lost.

Mr. Miller advised he was not the financial secretary during this time period, and did not know why these discrepancies occurred. Mr. Miller advised he would discuss this matter with the executive board. OLMS recommends Local 84999 adopt written guidelines for the reimbursement of lost wages as such policies can help ensure effective control over union finances. In addition, OLMS recommends that Local 84999 review its lost time and payroll procedures to improve internal control of union funds. Verification of lost time claims submitted by union personnel by either allowing trustees to compare lost time claims to employer records or by requiring union personnel to submit proof of lost wages claimed (for example time cards) can be an effective internal control for such payments. If any repayment is made to Local 84999, I would appreciate it if you would provide evidence of that payment to me.

I want to extend my personal appreciation to CWA Local 84999 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: Mr. Kenneth Smith, Financial Secretary