



June 30, 2022

Mr. Brandon Coe, President
Communications Workers AFL-CIO Local 3174
[REDACTED]

Case Number: 410-6020518 [REDACTED]
LM Number: 066360

Dear Mr. Coe:

This office has recently completed an audit of Communications Workers AFL-CIO Local 3174 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 Robert Chaney on May 23, 2022, 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 3174's records for period ending September 30, 2020 revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 3174 did not retain adequate documentation for reimbursed expenses incurred by officers totaling at least \$399.46. For example, an officer was reimbursed \$302.83 for postage and supplies, but the local did not maintain receipts to support the reimbursement. Another officer was reimbursed \$96.63 for a hotel expense, but the receipt was not maintained.

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.

2. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1,577.75, during fiscal year September 30, 2020. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lost Wages

Local 3174 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$6,733.28. 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 Local 3174 did not include in several of its vouchers the lost time pay rate, an adequate description of union business conducted, lost time dates, and the number of hours lost.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 3174 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.

4. General Expenses

Local 3164 did not retain adequate documentation for expenses totaling at least \$4,717.50. For example, the local purchased gift cards for its membership, but did not maintain receipts totaling at least \$3,517.50. Additionally, Local 3174 paid \$1,200 in rent to an affiliate union but did not retain receipts to support the payments.

Again, 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.

5. Disposition of Property

Local 3174 did not maintain records identifying the recipients for whom gift cards were given. The union must retain records that identify the date the items were given away and the recipients of those items.

In addition, the union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

Based on your assurance that Local 3174 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 3174 for the fiscal year ended September 30, 2020 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 the union gave away gift cards totaling more than \$3,500 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 3174 did not report in Column D (Gross Salary) of Item 24 (All Officers and Disbursements to Officers) lost wage reimbursements to officers totaling at least \$7,015.82.

It appears the union erroneously reported these payments in Column E (Allowances and Other Disbursements) of Item 24.

The union must report most direct disbursements to Local 3174 officers and some indirect disbursements made on behalf of its officers 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. Failure to File Report

Local 3174 did not timely file its Form LM-3 for fiscal year ending September 30, 2021 as prescribed by the LMRDA. The report was received on June 21, 2022.

The law requires the president and treasurer or corresponding principal officers of each labor organization to file an annual financial report with the Office of Labor-Management Standards (OLMS) within 90 days after the end of its fiscal year. Any labor organization which has terminated and ceased to exist or lost its identity through merger or consolidation must file a terminal financial report within 30 days of such action.

4. 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 3174 amended its constitution and bylaws on October 1, 1978 but did not file a copy with its LM report for that year. Local 3174 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 3174 file an amended LM report for fiscal year ending September 30, 2020 to correct the deficient items, but Local 3174 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

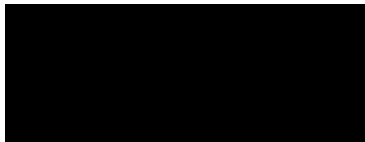
Lost Wages

Local 3164 officers received lost wage payment more than what they were entitled to receive. Local 3164 paid one officer more than \$61.41 in lost wages than what he was entitled to receive. Another officer was paid \$242.34 more than what he should have received.

Local 3174 should verify that the information on all lost time vouchers is accurate. Additionally, Local 3174 must ensure that all lost time disbursements are proper and issued in the correct amounts.

I want to extend my personal appreciation to Communications Workers Local 3174 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. Robert Chaney, Secretary-Treasurer