



August 14, 2023

Mr. Jon Harris, President
Communications Workers of America
Local 31026
39 Paige Ave
Buffalo, NY 14223

Case Number: 110-6026809()
LM Number: 032193

Dear Mr. Harris:

This office has recently completed an audit of CWA Local Union 31026 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 Administrative Officer Kim Leiser on August 11, 2023, 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 31026's fiscal year ended 2022 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 31026 did not retain adequate documentation for credit card expenses incurred by President Sandra Tan and Administrative Officer Kim Leiser totaling at least \$3,100. For example, five credit card expenses incurred by Kim Leiser totaling \$334.76 to Office Max for office supplies, failed to be accompanied with receipts. Also, an expense incurred by Sandra Tan totaling \$409 to Pizza Plant Italian Pub for happy hour, had no receipt, invoice, or supporting documentation. The union maintained all credit card statements and included handwritten notes, however the union failed to maintain all supportive documentation including original receipts, for all transactions.

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. Meal Expenses

Local 31026 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$980. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 31026 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a receipt from Panera Bread totaling \$16.19 did not include the union business conducted and the full names and titles of all persons who incurred the expense. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Reimbursed Auto Expenses

Administrative Officer Kim Leiser who received reimbursement for business use of her personal vehicle did not retain adequate documentation to support payments to her totaling at least \$1,300 during 2022. 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.

4. Lost Wages

Local 31026 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$10,000. 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 31026 retains a printout from the Buffalo News which includes a summary of lost wages incurred by the individual, the date of loss, the number of hours, and applicable rate of pay. However, the officers did not sufficiently identify the union business conducted on each day.

5. Receipt Dates not Recorded

Entries in Local 31026's QuickBooks journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 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 the union reporting some receipts for a different year than when it actually received them.

6. Lack of Salary Authorization

Local 31026 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 31026 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 LM-2 filed by Local 31026 for the fiscal year ended September 30, 2022, was deficient in the following areas:

1. Disbursements to Officers

Local 31026 did not include some payments to officers and employees totaling at least \$10,000 in Schedule 11 (All Officers and Disbursements to Officers). Specifically, the union failed to include indirect payments to officers for lost wages paid by the Buffalo News, and then subsequently reimbursed by Local 31026. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Address of Record

Local 31026 did not accurately report the place where records are kept in Item 9. The union reported in Item 9, “yes,” stating the records are kept at the P.O. Box address included in Item 8 (Mailing Address). The union must report in Item 9 “no” and include in Item 69 (Additional Information) the address of the building and room number where union records are kept.

I am not requiring that Local 31026 file an amended LM report for 2022 to correct the deficient items, but Local 31026 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 31026 has also agreed to file all future reports electronically.

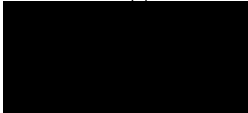
Other Issue

Expense Policy

As I discussed during the exit interview with you and Administrative Officer Kim Leiser, the audit revealed that Local 31026 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to CWA Local 31026 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,



cc: Ms. Kim Leiser, Administrative Officer