



September 29, 2014

Mr. Russell Thomas, Former President
CWA Local 14845

Case Number: 140-6000178()
LM Number: 070807

Dear Mr. Thomas:

This office has recently completed an audit of CWA Local 14845 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 on September 24, 2014, 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 14845's 2013 records revealed the following recordkeeping violation:

Failure to Maintain Office Rental Agreement

Local 14845 paid \$750.00 to the American Legion in Easton, PA for office space rental but failed to maintain adequate documentation on the rental agreement.

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 14845 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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 following violation was disclosed:

Failure to File

Local 14845 failed to file the Labor Organization Annual Report LM-3 for the fiscal years ended December 31, 2012 and December 31, 2013.

As agreed, Local 14845 will file their delinquent LM-3 reports with OLMS as soon as possible but not later than October 17, 2014.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and other representatives who handle union funds must be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 14845's officers are currently not bonded, but they must be bonded for at least \$5,000. Local 14845 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 17, 2014.

Other Issue

Two Signature Requirement

During the audit, it was revealed check # [REDACTED] dated October 18, 2013 payable to the IRS for \$698.59 had one authorized signatory. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, having only one signature on checks negates the purpose of the two signature requirement. OLMS recommends that Local 14845 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to CWA Local 14845 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]

Senior Investigator

cc: CWA Representative Ronald Miller