U.S. Department of Labor

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April 24, 2007

Ms. Jane Howald, President
Communication Workers, AFL-CIO
Local Union #14177
6685 Hamilton Dr.
Derby, NY 14047

Re: Case Number: [redacted]

Dear Ms. Howald:

This office has recently completed an audit of CWA, Local Union #14177 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, Vice President Kathy Ketterer, Treasurer Teri Buczkowski, Secretary Doug Tisdale and Trustees, Amy Weber and Robin Randle on April 19, 2007, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local Union #14177 records for fiscal year ending September 30, 2006 revealed the following recordkeeping violations:

> Local Union #14177 failed to record and deposit all of the monies collected from the sale of 50/50 raffle tickets for the benefit of the local union sunshine fund. The prize money for the audit year was never recorded as either received or disbursed. All subsequent 50/50 raffle ticket proceeds will continue to be remitted to the local secretary. However, a prenumbered duplicate receipt will be issued for the monies collected and the entire amount will be promptly recorded in the local union receipts journal and deposited into the local union sunshine fund checking account. Each winner will be subsequently paid by local union check. The local will maintain an inventory of duplicate receipts and prenumbered raffle tickets distributed and sold for reconciliation purposes.
>
> A review of the local union petty cash account discloses that it was sometimes used as a travel cash advance (Washington, DC trip, 3/11 - 3/15/06) and not all receipts were retained such as reimbursement expense on April 8, 2006 for $23.54. It was agreed that the local union will have a $200 petty cash fund and it will be used from now on for small, miscellaneous expenses only. Local union checks payable to cash will be utilized to replenish the fund and backup receipts accumulated since the last replenishment should equal the check amount.
>
> Adequate documentation was not maintained for all meal expenses (check [redacted]) regarding the listing of names of participants and union benefit. The local also failed to retain rental car receipt and airline ticket copy for the CWA Convention attendance in Las Vegas, Nevada, June 2006. The local union promised to properly document dates and purpose of all travel, including all charge slips, billing invoices and airline tickets/rental car expenses (showing arrival and departure times and destinations)

As agreed, provided that Local Union #14177 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Although all employer checkoff checks collected were deposited, the local union failed to record their receipt or make deposits in a timely manner as evidenced by not recording or depositing any dues monies for the first two and a half months of the audit period. The local union will record all receipt monies when received and deposit such monies promptly (within the week). All undeposited monies shall be secured in a locked file cabinet.

Furthermore, you indicated that within the past two months the local union is paying per diem monies for overnight travel expenses. The IRS should be utilized as your source for requesting per diem rates for various locations. Receipts for any charges over the per diem rate would have to be maintained or else the tax liability would have to be absorbed by the officer and/or member.

The local union voluntarily started using duplicate deposit slips during the CAP audit as well as securing the cooperation of its financial institution to have monthly bank statement ending dates be the last day of the month.

Reporting Violations

The CAP 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 Union #14177 for the audit year was deficient in the following areas:

> Statement B, Cash Receipts, #43-Other Receipts, was short $4,484 and subsequently so was #44-Total Receipts, from not depositing all the 50/50 raffle monies. Statement B, Cash Disbursements, #54-Other Disbursements, was also short $4,484 and subsequently so was #55-Total Disbursements, for not disclosing the monies paid out to each 50/50 raffle winner.

I am not requiring that Local Union #14177 file an amended LM-3 Report for the audit period to correct the deficient items, but as agreed, the local union will properly report the deficient items on all future reports filed with this agency.

The CAP also 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 constitution or bylaws changes are made. Local Union #14177 amended its bylaws in 2006, but a copy was not filed with its LM-3 Report (received by USDOL, January 2007) for fiscal year ending September 30, 2006. A copy was forwarded to OLMS in Buffalo, NY at my request prior to the February 28, 2007 start of the CAP.

I want to extend my personal appreciation to CWA, Local Union #14177 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: Teri Buczkowski