



December 1, 2010

Ms. Barbara Cunningham, Secretary/Treasurer
Communications Workers AFL-CIO Local 88-123
491 Old York Road Suite 301
Jenkintown, PA 19046

Case Number: [REDACTED]
LM Number: 037570

Dear Ms. Cunningham:

This office has recently completed an audit of Communications Workers AFL-CIO Local 88-123 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 November 22, 2010, 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 disbursements 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 disbursements, 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 88-123's FY 2009 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 88-123 did not retain receipts for credit card purchases made using a Shell Oil credit card totaling \$405.21. During the audit OLMS verified that you made these purchases at two locations, 902 Jenkintown Road Elkins Park, PA and 2035 Huntingdon Pike Bethayers, PA, while conducting union business. You acknowledged that these receipts had to be retained and will make sure receipts are kept for all future credit card purchases.

2. Lack of Salary Authorization

Local 88-123 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 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.

A review of the Executive Board meeting minutes for October 20, 2010 revealed that this issue was addressed and was recorded as required. This written record will be maintained in the union file until such time there is a change in the salary amounts.

As previously 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 CWA Local 88-123 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Use of Signature Stamp

During the audit, you advised that it is Local 88-123's practice for the union president Michael Giardino to sign all union checks and to stamp former treasurer [REDACTED] signature on union checks. You and the president review all checks before they are issued. Article IV Section D of Local 88-123's bylaws requires that checks be signed by the president and treasurer. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement.

The use of a signature stamp for the second signer was discontinued effect October 20, 2010 by president Giardino as evidenced in the Executive Board meeting minutes.

I want to extend my personal appreciation to Communications Workers AFL-CIO Local 88-123 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Michael Giardino, President