



May 11, 2010

Ms. Lisa McDonough, Treasurer
Communication Workers, AFL-CIO Local 14177
PO Box 62
Derby, NY 14047

Case Number: [REDACTED]
LM Number: 513814

Dear Ms. McDonough:

This office has recently completed an audit of Communication Workers, AFL-CIO Local 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 and President David Geary, Recording Secretary Mary Jane Waldorf, Vice President Roberto DeJesus, Executive Board Members Don Hine and Trish Voltz, and Audit Board Members Amy Weber and Charlene Valentine on April 27, 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 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 14177's 2009 records revealed the following recordkeeping violations:

1. General Disbursements

Local 14177 did not retain adequate documentation for some disbursements totaling at least \$676. For example, the local did not maintain receipts to support a payment to Treasurer Lisa McDonough for \$550. In addition, no receipt was maintained for mail costs to the Postmaster.

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.

2. Lost Wages

Local 14177 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees. 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 14177 prepared one voucher for lost wages collectively for all recipients. The union did not identify the date of the loss for each individual and the number of hours lost for each day.

During the exit interview, I explained the necessary requirements for properly recording lost wage reimbursements and provided the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Reimbursed Auto Expenses

President David Geary, who received reimbursement for business use of his personal vehicle, did not retain adequate documentation to support payments to him totaling at least \$74. 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. Meeting Minutes

Local 14177 did not maintain sufficient meeting minutes to support authorizations and approvals for union business. Some of the meeting minutes were not dated and others were extremely vague that little information could be attained from them. According to the CWA Constitution and Local 14177 Bylaws, it is the responsibility of the Local Secretary to record and maintain the minutes of all meetings of the local, the local executive board or

local officers. Minutes of all meetings must report any disbursement authorizations at those meetings.

5. Picnic and 50/50 Receipts and Disbursements

During the audit period, Local 14177 collected monies from the sale of tickets for 50/50 raffles and to fund the annual membership picnic. The union failed to properly maintain records to support the amount of cash collected for these fundraisers.

Union receipts records must include an adequate identification of all money the union receives including those amounts for raffles and similar fundraisers. The records should show the date and amount received, and the source of the money. In addition, all monies should be promptly deposited in the union's bank accounts.

In addition, Local 14177 did not retain adequate records to account for the monetary transactions for the annual picnic. The union must retain all original receipts and invoices to support any disbursements for the same. Specifically, winners of 50/50 raffles should be noted in the union records and all disbursements for the picnic should be accompanied with supporting documentation.

Based on your assurance that Local 14177 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 14177 for fiscal year ending September 30, 2009 was deficient in the following areas:

1. Disbursements to Officers

Local 14177 did not report the names of the executive board members and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 14177 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).

2. Failure to Report Receipts and Disbursements

The local failed to report receipts collected through 50/50 raffles totaling at least \$3,400 in Item 43 (Other Receipts). The union must report all other receipts in Item 43 and subsequently report the disbursements associated with these raffles in Item 54 (Other Disbursements).

Additionally the union failed to report receipts collected for the annual picnic. It appears the union netted the amount collected with the amount spent on the function. Neither receipts nor disbursements were included on the report. The union picnic is an operation of the union and is not exempt from being included on the report.

3. Fixed Assets

During the period, the union purchased items for the union totaling \$550. Not only was the receipts for these items not retained, the payment was reported incorrectly on the form in Item 29 (A) (Fixed Assets). The union purchased these items during the fiscal period, however included the amount at both the start and end of the reporting period.

Also, \$1,639 was reported in Item 30 (Other Assets). The OLMS audit found that the union does not have other assets which should be reported here. Rather you explained that this amount is the value of fixed assets. This amount therefore should be reported in Item 29 (Fixed Assets).

Local 14177 must file an amended Form LM-3 for fiscal year ending September 30, 2009, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 31, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issue

Inventory of Fixed Assets

As discussed with you during course of the compliance audit and during the exit interview, it is recommended that the union maintain an inventory list of its assets. An inventory list will help you identify, account for, and determine the total value of your union's fixed assets.

I want to extend my personal appreciation to Communication Workers, AFL-CIO Local 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,



Investigator

cc: Mr. David Geary, President
Mr. Roberto DeJesus, Vice President