



September 15, 2014

Mr. Colin Bailey, Treasurer
Communication Workers, AFL-CIO
Local Union 51211/NABET
4124 Balboa Drive
Liverpool, NY 13090

Case Number: 110-6000407()
LM Number: 511-308

Dear Mr. Bailey:

This office has recently completed an audit of Communication Workers, NABET Local 211 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 President Anthony Vecchio and you on September 2, 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 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 NABET Local 211's 2013 records revealed the following recordkeeping violation:

Meal Expenses

Local 211 did not require officers and employees to submit original itemized receipts for meal expenses totaling at least \$166. 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 211 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, no itemized receipt or names of those individuals present were retained for an \$82.45 charge to Tony's Family Restaurant or similarly for a charge at Pavone's Eatery totaling \$28.51. 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.

Based on your assurance that Local 211 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 211 for the fiscal year ended September 30, 2013, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 211 did not report the names of some officers 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. In addition, Local 211 did not include some reimbursements to officers that were reported totaling at least \$310 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments elsewhere on the Form.

The union must report most direct disbursements to Local 211 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/Disbursements

NABET Local 211 failed to report all receipts collected during the period totaling at least \$439. The union collected money for clambake tickets and through other sources during the period which were not reported on the form in Item 43 (Other Receipts) as required.

Additionally the union failed to report all disbursements during the period. It appears the union may have netted amounts collected and subsequently disbursed for miscellaneous expenses; however "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. Further the form should be completed using the cash method of accounting, not on an accrual basis.

3. Categorizing Cash Disbursements

Local 211 did not properly report cash disbursements in Items 45 through 54. The union reported over 50% of the total disbursements as "Other Disbursements" in Item 54. The disbursements that should be reported in Item 54 are those which cannot be reported elsewhere in Items 45 through 53. The audit found that many disbursements were not included in Item 48 (Office and Administrative Expense) and rather erroneously reported in Item 54. For example, disbursements for the union's office storage rental should be reported in Item 48.

In Item 48, the union should report disbursements for office and administrative expenses. Ordinary office expenses include office supplies, postage, insurance premiums, etc. Also, all taxes assessed against and paid by the local as an employer should be reported here. Disbursements for the transmittal of taxes withheld from salaries however must be reported in Item 54.

I am not requiring that Local 211 file an amended LM report for 2013 to correct the deficient items, but Local 211 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with President Vecchio and you, the audit revealed that Local 211 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. These guidelines may be outlined in the bylaws and revisited at executive board and membership meetings as necessary.

2. Personal use of Credit Cards

The audit revealed that Local 211 permits officers to use union credit cards to pay for personal expenses. Although the officers promptly repaid Local 211 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to CWA, NABET Local 211 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,



Supervisory Investigator

cc: Mr. Anthony Vecchio, President