



September 26, 2016

[REDACTED], Secretary/Treasurer  
Communication Workers Local 4310

Case Number: 350-6006467 [REDACTED]  
LM Number: 036931

Dear [REDACTED]

This office has recently completed an audit of Communication Workers Local 4310 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 Diane Bailey on September 22, 2016, 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 4310's 2015 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 4310 did not retain adequate documentation for credit card expenses incurred by you, President Bailey, Vice President Jodie DeShong, or former [REDACTED]

[REDACTED]. For example, itemized receipts were not maintained for charges at Potawatami Inn, Budget Rent-A-Car, or 1-800-FLOWERS.

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.

## 2. Meal Expenses

Local 4310 did not require officers and employees to submit itemized receipts for meal expenses. Numerous receipts at restaurants including Chik-Fil-A, Subway, as well as Honey Baked Ham Company did not reflect the union purpose for which the expense was incurred nor which officers or members were in attendance. 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 4310 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. 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.

## 3. Lost Wages

Local 4310 did not retain adequate documentation for lost wage reimbursement payments to all of the officers totaling at least \$24,000. 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 4310 failed to identify the union purpose for the lost time incurred. Additionally, specific authorization by the membership for the lost time payments was not available. Local 4310 approved a budget for the year to include an amount for lost time payments. However, this does not negate the necessity for approval by the membership of the specific purposes each time lost time is to be paid.

Attached is the compliance tip sheet, *Union Lost Time Payments*, which contains a sample of an expense voucher Local 4310 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 4310 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-2 / LM-3) filed by Local 4310 for the fiscal year ended September 30, 2015, was deficient in that Local 4310 did not report the total amounts of payments to the officers 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 4310 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. In the case of Local 4310, purchases of goods and services made by the officers on their respective credit cards assigned to them were not included in the totals in Item 24. 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).

I am not requiring that Local 4310 file an amended LM report for 2015 to correct the deficient items, but Local 4310 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### Expense Policy

As I discussed during the exit interview with you and President Bailey, the audit revealed that Local 4310 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. For example, the audit revealed that some officers charged fuel when traveling while others rented cars. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Communication Workers Local 4310 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,

Brian A. Pifer  
District Director

cc: Ms. Diane Bailey, President