



May 26, 2017

Scott Lloyd, President
CWA Local 84727
[REDACTED]
Cleveland, OH 44102

Case Number: 350-6009825 [REDACTED]
LM Number: 063444

Dear Scott Lloyd:

This office has recently completed an audit of CWA Local 84727 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 Treasurer Keyashun East on March 22, 2017, 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 84727's 2016 records revealed the following recordkeeping violation:

Lost Time Payments to Officers

Lost time records were not in every case detailed enough to attribute lost time payments to a specific time period. There were incidences where lost time was paid for conducting union business when the officer's timekeeping record did not show them off for union business. For example, there were times when the president was paid for accumulated lost time during a week, but it was not possible to determine the specific times in which lost time occurred. Supporting documentation should delineate dates, hours, pay rate, and the purpose for each lost time payment.

Lost time policy should clarify under what circumstances lost time is granted and exceptions to the policy need to be approved by the membership.

Based on your assurance that Local 84727 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 84727 for the fiscal year ended September 30, 2016, was deficient in the following areas:

Officer Reimbursed Expenses

Treasurer Keyashun East was paid \$2,658 in reimbursed expenses in 2016, mostly for expenses associated with a union Christmas party and picnic; but this amount was not reported the under her name (Item 24 E) on the 2016 LM-3 report.

The union must report most direct disbursements to Local 84727 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).

I am not requiring that Local 84727 file an amended LM report for 2016 to correct the deficient items, but Local 84727 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Debit Cards

The union has a two signature requirement, which 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 debit cards does not have this safeguard. OLMS recommends that Local 84727 develops procedures to improve internal control of debit cards to include the disclosure of debit card charges to the membership at monthly meetings.

2. Lost Time Policy Clarification

It is recommended that the circumstances in which lost time is paid by the union be clearly defined in the union's bylaws or in another official document. It is also recommended that the CWA international's guidance be consulted in the formulation of a lost time policy.

I want to extend my personal appreciation to CWA Local 84727 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: Keyashun East, Treasurer