



March 12, 2018

Mr. Mark Hatfield, Treasurer  
CWA Local 7603  
713 N. Ralstin St  
Meridian, ID 83642

Case Number: 530-6012656  
LM Number: 036389

Dear Mr. Hatfield:

This office has recently completed an audit of CWA Local 7603 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 March 2, 2018, 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.

#### Record Keeping 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 7603's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 7603 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Michael Frost totaling \$223.45 for purchases from Quality Business Systems.

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. Disposition of Property

Local 7603 did not maintain an inventory of computers, gift cards and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. In the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

3. Lack of Officer Appreciation Award Authorization

Local 7603 gives one month's stipend as a gift to departing officers but did not maintain records to verify that such gifts were properly authorized. The union must keep a record, such as meeting minutes, to show these gifts are properly authorized in accordance with the union's bylaws.

Based on your assurance that Local 7603 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 7603 for the fiscal year ended September 30, 2017, was deficient in that Local 7603 did not include some reimbursements to officers totaling at least \$775.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 7603 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 7603 file an amended LM report for 2017 to correct the deficient items, but Local 7603 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to CWA Local 7603 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: Ms. Melanie Weeks, President