



April 9, 2019

Ms. Donna Falls, President
Communications Workers, AFL-CIO
Local 84846
P.O. Box 456
Oak Creek, WI 53154

Case Number: 320-6015359
LM Number: 069379

Dear Ms. Falls:

This office has recently completed an audit of Communications Workers Local 84846 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 Financial Secretary/Treasurer Shane Secker on April 2, 2019, 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 84846's 2018 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Meal Expenses

Local 84846 did not retain adequate documentation for disbursements to vendors totaling at least \$1,022 during the audit year. For example, adequate supporting documentation was not retained for 12 union debit card charges totaling \$897.75 that Local 84846 made to the

Classic Lanes bowling alley throughout the audit year for expenses related to its monthly membership meetings. In support of these payments, Local 84846 only retained vouchers, debit card signature receipts, and bank statements, which are not sufficient.

In addition, Local 84846 did not always retain itemized meal receipts and its records of meal expenses did not always include the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, an itemized receipt was not retained for a \$109.56 meal expense incurred at the Oak Creek Diner in Oak Creek, WI on October 11, 2017, and the voucher and debit card signature receipt retained for this meal expense failed to identify the full names and titles of those present.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. 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. 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 84846 did not retain adequate documentation for lost wage reimbursement payments to you, Mr. Secker, and former Financial Secretary/Treasurer Virginia Gavigan totaling at least \$1,173 during the audit year. 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 audit found that the union retained vouchers for lost wage reimbursements, but in some instances the vouchers were not sufficient because you, Mr. Secker, and Ms. Gavigan did not always identify the actual date the lost wages were incurred or adequately describe the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 84846 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 84846 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 84846 for the fiscal year ended September 30, 2018, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because Local 84846 gave away 45 grocery gift cards totaling at least \$450 during the audit year. The union must identify the type and value of any property received or given away in Item 56 (Additional Information) of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers and Employees

Local 84846 did not include disbursements to you, Mr. Secker, Ms. Gavigan, and former Vice President Deborah Moczynski totaling at least \$797 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). Local 84846's disbursements records indicate that you, Mr. Secker, Ms. Gavigan, and Ms. Moczynski received gross salary (including lost time and the cash payments noted below) of \$7,007; however, the total amount reported in Column D of Item 24 for you, Mr. Secker, Ms. Gavigan, and Ms. Moczynski was \$6,210. It appears that some of this discrepancy was due to the union erroneously reporting checks issued to these officers for winning monthly drawings, bereavement, and being on medical leave in Item 54 (Other Disbursements).

Additionally, Local 84846 did not include reimbursements to Mr. Secker totaling at least \$576 in the amounts reported in Item 24, Column E (Allowances and Other Disbursements). Local 84846's disbursements records indicate that Mr. Secker received reimbursed expenses totaling \$765; however, the total amount reported in Column E of Item 24 for Mr. Secker was \$189. It appears that Local 84846 erroneously reported the reimbursements to Mr. Secker in Item 48 (Office and Administrative Expense) or Item 54.

The union must report most direct disbursements to Local 84846 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.

3. Fixed Assets (Laptop Computer)

Local 84846 erroneously reported a \$274.94 reimbursement to Mr. Secker for a laptop computer he purchased for the union in Item 48. This reimbursement is required to be reported in Item 52 (Purchases of Investments and Fixed Assets). The Form LM-3 instructions provide that reimbursements to an officer for the purchase of investments or fixed assets must be reported in Item 52 and explained in Item 56.

Additionally, Local 84846 did not report the book value of the laptop Mr. Secker purchased in Item 29 (Fixed Assets). The Form LM-3 instructions provide that the book value at the start and end of the reporting period of all fixed assets, such as land, building, automobiles, and office furniture and equipment owned by your organization must be reported in Item 29. The book value of fixed assets is cost less depreciation.

I am not requiring that Local 84846 file an amended LM report for 2018 to correct the deficient items, but Local 84846 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Communications Workers Local 84846 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Shane Secker, Financial Secretary/Treasurer