

**U.S. Department of Labor**

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September 26, 2007

Mr. Todd Trotter, President  
Communication Workers, AFL-CIO  
Local 13572  
140 Country Hill Road  
Orwigsburg, PA 17961

LM File Number 017-534

Case Number: [REDACTED]

Dear Mr. Trotter:

This office has recently completed an audit of 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 September 21, 2007, 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 Violation

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 13572's 2006 records revealed the following recordkeeping violations:

#### Meal Expenses

Local 13572 did not consistently require officers to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to the officers. These itemized receipts are necessary to determine if such disbursements are for union purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 13572 records of meal expenses did not include written explanations of union business conducted nor did they always include 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 incurred meal expense.

#### Lost Wages

Local Union 13572 did not retain adequate documentation for lost wage reimbursement payments to union officers. The union must maintain records in support of lost time 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. During the exit interview, you stated you would ensure all officers adequately completed lost time vouchers before reimbursements are made.

Based on your assurance that Local 13572 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Reporting Violation

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 13572 for fiscal year ending September 30, 2006, was deficient in the following areas:

### LM-3 Items

It appears that the figures reported on the LM-3 for fiscal year ending September 30, 2006 are not the exact figures according to the union's books after reconciliation to the bank statements. For example, Treasurer John Wise received \$1517.45 in checks during the fiscal year but the LM report shows \$1945. The instructions state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

I am not requiring that Local 13572 file an amended LM-3 report for 2006 to correct the deficient items, but Local 13572 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issue

The audit disclosed the following other issue:

#### 1. Countersignature (Signing Blank Checks)

During the audit, you advised that the authorized signatories signs blank checks in advance. Your union's bylaws require that all checks be signed by the president and treasurer. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 13572 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation 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,

  
Senior Investigator

cc: John Wise, Treasurer