

U.S. Department of Labor

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October 30, 2007

Ms. Dorothy Winfield, Secretary-Treasurer
Communications Workers, AFL-CIO
Local Union 14705
360 Acoma Street, Room 107
Denver, CO 80223

LM File Number: 032-203
Case Number: [REDACTED]

Dear Ms. Winfield:

This office has recently completed an audit of Communications Workers, AFL-CIO, Local Union 14705 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 CWA Local 14705 President Lester Stevens on October 4, 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.

The audit disclosed the following.

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 CWA Local 14705's 2006 records revealed the following recordkeeping violations:

General Reimbursed Expenses

CWA Local 14705 did not retain adequate documentation for reimbursed expenses incurred by Local 14705 President Lester Stevens to support his attendance at CWA quarterly officer's meetings and CWA District 7 conferences. The union failed to provide convention flyers or a letter showing the date, time, and place of the meetings.

The union failed to maintain all expense receipts to show how it spent \$8,248 for office and administrative expenses or \$7,838 for other disbursements. The union provided no expense receipts for \$3,720 in building rent for the audit period.

As previously 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.

Based on your assurance that Local 14705 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 14705 for fiscal years ending September 30, 2005 and September 30, 2006, were deficient in several areas.

Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. The union understated its annual dues receipts

by \$38,394 for fiscal year ending September 30, 2006, and the union's ending cash figure is understated by \$5,639 for fiscal year ending September 30, 2005.

CWA Local 14705 must file amended Form LM-3 reports for fiscal years ending September 30, 2005 and September 30, 2006, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than November 16, 2007. Before filing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.


Other Issues

Duplicate Receipts

Members of Local 14705 pay dues directly to the union. The secretary-treasurer records dues payments in the union's receipts journal, but union chapel chairmen who collect dues do not issue receipts to dues payers or immediately enter dues paid on dues collection records in accordance with Article VII, Sec. 10 of the CWA Local 14705 Bylaws. OLMS recommends that chapel chairmen or union officers use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Communications Workers, AFL-CIO, Local Union 14705 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: Mr. Lester Stevens, CWA Local 14705 President