

U.S. Department of Labor

Office of Labor-Management Standards
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September 19, 2024

David Lyttle, Financial Secretary
Communications Workers Local 84765
2360 Norwood Ave.
Cincinnati, OH 45212

Case Number: 350-6027306()
LM Number: 050-419

Dear Mr. Lyttle:

This office has recently completed an audit of Communications Workers Local 84765 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, President Victor Henderson, Recording Secretary and Vernon Leonard on August 9, 2024, 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 84765's 2023 records revealed the following recordkeeping violations:

1. General Reimbursement

Local 84765 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$529.19. For example, President Victor Henderson was reimbursed \$70.04 for a purchase of flowers for a funeral, however a receipt was not retained.

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. Reimbursed Auto Expenses

President Victor Henderson received reimbursement for business use of his personal vehicle but did not retain adequate documentation to support payments to him totaling at least \$97.18 during 2022. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Disposition of Property

Local 84765 did not maintain an inventory of gift cards, flowers, 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. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, 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.

4. Failure to Record Receipts

Local 84765 failed to record in its receipts record an ACH deposit on January 1, 2023, for \$218.41. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

5. Receipt Dates not Recorded

Entries in Local 84765's QuickBooks reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date

money was received could result in the union reporting some receipts for a different year than when it actually received them.

6. Information not Recorded in Meeting Minutes

During the audit, Mr. Henderson advised OLMS that the membership authorized an annual budget at the October 2022 membership meeting and the executive board authorizes payments to officers and members for training, lost time, and reimbursements during its monthly meetings. Local 84765's Constitution Article XV, Section E states that the membership shall adopt uniform rules for payments to conduct union business. However, the minutes of those meetings do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

7. Lack of Salary Authorization

Local 84765 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 84765 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 84765 for the fiscal year ended September 30, 2023, 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 the union gave away gift cards and flowers totaling more than \$100.00 during the year. The union must identify the type and value of any property received or given away in the additional information section 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. Reporting of Dues Received and Per Capita Tax Disbursements

Local 84765 did not properly report in Item 38 (Dues) the amount it received and the per capita tax paid in Item 47 (Per Capita Tax). Local 84765 members dues are collected by its parent body via checkoff, which withholds its portion of the dues before direct depositing the remaining amount into the local's checking account.

The LM-3 Instructions require only the amount received by the local should be reported in Item 38. If an intermediate or parent body receives dues checkoff directly from an employer on behalf of your organization, do not report in Item 38 the portion retained by that organization for per capita tax or other purposes, such as a special assessment. Similarly, per capita taxes withheld by the parent body are not disbursed by the local and should not be reported in Item 47.

I am not requiring that Local 84765 file an amended report for 2023 to correct the deficient items, but Local 84765 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy


As I discussed during the exit interview with you, Henderson, and Leonard, the audit revealed that Local 84765 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Duplicate Receipts

Local 84765 rents its union hall out and receives payment directly but does not issue a receipt to the payee. OLMS recommends that Local 84765 use a duplicate receipt system where the union issues original pre-numbered receipts to those 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 Local 84765 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: Victor Henderson, President
Vernon Leonard, Recording Secretary