

U.S. Department of Labor

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December 4, 2007

Mr. Michael S. Garry, President
Communications Workers AFL-CIO
Local 1126
427 Main Street
New York Mills, NY 13417

LM File Number 055-919

Case Number: [REDACTED]

Dear Mr. Garry:

This office has recently completed an audit of Communications Workers Local 1126 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, Secretary-Treasurer Bonnie Felshaw, and office secretary [REDACTED] on October 19, 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 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 1126's 2007 records revealed the following recordkeeping violations:

1. General Expenses

Local 1126 did not retain adequate documentation to verify, clarify, and explain all union expenses. For example, a supporting itemized receipt was not maintained for the Pine Hills charitable golf outing disbursement of \$655 in June 2007. Also, disbursements for airline passenger transportation were not supported by ticket receipts totaling at least \$2,624.

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.

2. Failure to Record Receipts/Disbursements

No documentation was maintained to record receipts and disbursements from the union's 50/50 raffles. You are reminded that all cash received and all cash paid out must be recorded on your union's annual financial report.

3. Disposition of Property

Local 1126 did not maintain an inventory of union shirts, 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 28 of the LM-2. 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 28.

The union must record in at least one record the date and amount received from each sale of union shirts and other items.

Based on your assurance that Local 1126 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. The union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issue

Personal use of Credit Cards

The audit revealed that Local 1126 permitted officers to use a union credit card to pay for personal expenses. Although officers promptly repaid Local 1126 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Communications Workers Local 1126 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: Bonnie Felshaw, Secretary-Treasurer