

U.S. Department of Labor

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October 4, 2007

Mr. Louis Mleczko, President
Communications Workers AFL-CIO
Detroit Newspaper Guild Local 22 (CWA Local 34022)
220 Bagley, Ste. 1000
Detroit, MI 48226

LM File Number 024-555

Case Number: [REDACTED]

Dear Mr. Mleczko:

This office has recently completed an audit of Detroit Newspaper Guild Local 22 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 Office Manager Lorraine Mleczko on September 13, 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 22's 2006 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 22 did not retain adequate documentation for credit card expenses incurred by you totaling at least \$4,803.10. For example, Local 22 did not maintain itemized receipts for charges at: OfficeMax (\$201.38), Courtyard by Marriot Detroit (\$2,147.25), NWA (\$378.00), Hilton Las Vegas (\$1,124.88), and Sears (\$536.99).

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. Meal Expenses

Local 22 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$724.23. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Local 22 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the following amounts were charged to the local's credit card, but the records did not indicate the names and titles of the persons incurring the charges: Greg's Place (\$108.13), Tom's Oyster Bar (\$319.86), Anchor Bar (\$610.00) and the Riviera Hotel and Casino (\$122.73).

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 or employees incurred meal expenses.

3. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1,575.74 during the fiscal year ending September 30, 2006. 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.

4. Lost Wages

The audit found that Local 22 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$5,466.43. The OLMS audit found that Local 22 did not require that officers and employees submit vouchers to claim lost wages, and often failed to maintain records identifying the date the wages were lost, and the union business conducted. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the specific times and number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

During the exit interview, I provided sample expense vouchers Local 22 may use to satisfy this requirement. The samples identify the type of information and documentation that the local must maintain for lost wages and other officer expenses.

5. Receipt Dates not Accurately Recorded

Entries in Local 22's recordkeeping system reflect the date the union entered the receipt into the system, which did not always reflect 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-2. The LM-2 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.

Based on your assurance that Local 22 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-2 filed by Local 22 for fiscal year ending September 30, 2006, was deficient in that the local did not report the names of some officers and the total amounts of payments to them or on their behalf in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union.

Additionally, Local 22 did not include some reimbursements to officers totaling at least \$1,983.05 in Schedule 11. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

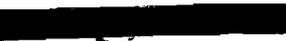
I am not requiring that Local 22 file an amended LM report for 2006 to correct the deficient items, but Local 22 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

During the audit, you advised that it is Local 22's practice for Office Manager Lorraine Mleczko to stamp your signature and that of Secretary Treasurer Jocelyn Faniel-Heard on union checks. You indicated that no one but Mrs. Mleczko reviews the checks before they are issued. Article X of Local 22's bylaws requires that checks be signed by two of the following officers: president, treasurer, or the administrative officer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the signers does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 22 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Detroit Newspaper Guild Local 22 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: Secretary Treasurer Jocelyn Faniel-Heard