

U.S. Department of Labor

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December 18, 2007

Ms. Suzanne Chase, President
Communication Workers AFL-CIO
Local 88681
P.O. Box 258
Corry, PA 16407

LM File Number 066-555

Case Number: [REDACTED]

Dear Ms. Chase:

This office has recently completed an audit of CWA Local 88681 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 Treasurer Rhonda Roberts on December 11, 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 88681's 2006-2007 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 88681's receipts journal reflect the date the union deposited money from the sale of Waldameer Park tickets, 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.

2. Failure to Maintain Bills, Invoices, and Receipts

Local 88681 failed to maintain adequate documentation, such as an original receipt or invoices, for a few disbursements. As previously noted above, labor organization must retain documentation so that each disbursement can be verified, explained, and clarified.

3. Lost Wages

Local 88681 did not retain adequate documentation for lost wage reimbursement payments for any officer. The union must maintain records in support of lost wage 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. The OLMS audit found that Local 88681 officers did not identify on lost wage vouchers the union business being conducted.

During the exit interview, I provided a sample of an expense voucher Local 88681 may use to satisfy this requirement. The sample identifies the type of

information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 88681 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(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 88681 amended its constitution and bylaws in 1996, but did not file a copy with its LM report for that year. Local 88681 has now filed a copy of its constitution and bylaws.

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 audit revealed that Local 88681's officers and employees were not bonded for the minimum amount required at the time of the audit. However, 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.

I want to extend my personal appreciation to CWA Local 88681 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.

Ms. Suzanne Chase
December 18, 2007
Page 4 of 4

Sincerely,

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Investigator