

U.S. Department of Labor

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September 22, 2008

Ms. Lynne Elder, Secretary-Treasurer
Communications Workers of America
Local 2203
517 Leesville Road
Lynchburg, VA 24502-2349

LM File Number 034-407

Case Number: [REDACTED]

Dear Ms. Elder:

This office has recently completed an audit of CWA Local 2203 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 Local 82162 Treasurer Jodie Moore and you on July 23, 2008, 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 2203's fiscal year ending September 30, 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2203 did not retain adequate documentation for reimbursed expenses to union officers. For example, the union failed to maintain hotel receipts for reimbursements to the stewards that attended stewards training and the hotel receipt for the reimbursement to President Dewayne Campbell to attend the National Convention.

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. Lost Wages

Local 2203 did not retain adequate documentation for lost wage reimbursement payments to union officers. 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 revealed that Local 2203 maintained lost time vouchers that outlined the date and hours of the lost time incurred, but the stated union purpose was frequently either blank or did not provide adequate information to determine the union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 2203 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.

3. Failure to Record Receipts

Local 2203 did not record in its receipts records monies collected by the union for the gun raffle fundraiser and the Goodyear Strike fundraiser. 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. The records should also include the name of each person that won a gun and the gun that they received.

4. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the executive board authorized officers' salaries at an executive board meeting years ago. The union failed to maintain these minutes. The union must maintain these records to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 2203 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 2203 for fiscal year ending September 30, 2007, was deficient in that:

1. Disbursements to Officers

Local 2419 did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 2203 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash,

property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 2203 file an amended LM report for 2007 to correct the deficient items, but Local 2203 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Use of Signature Stamp

During the audit, you advised that it is Local 2203's practice for yourself and President Campbell to use signature stamps in place of an original signatures on union checks. Local 2203 policy requires that checks be signed by the president and treasurer. 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 second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS strongly recommends that Local 2203 review these procedures to improve internal control of union funds.

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I want to extend my personal appreciation to CWA Local 2203 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: Jodie Moore, Local 82162 Treasurer