

U.S. Department of Labor

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September 4, 2008

Mr. Douglas Webster, Treasurer
Communications Workers AFL-CIO
Local 81353
PO Box 353
Springville, NY 14141

LM File Number 048-825
Case Number: [REDACTED]

Dear Mr. Webster:

This office has recently completed an audit of CWA Local 81353 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 President Philip Taylor on September 3, 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 81353's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses and Union Disbursements

Local 81353 did not retain adequate documentation for reimbursed expenses incurred by President Philip Taylor totaling at least \$100, and for direct Local 81353 disbursements, totaling at least \$947.28. For example, there were no invoices for two checks to Peerless-Winsmith, Inc for Insurance reimbursement, and one receipt for the pre-meeting happy hour at Pizza Glen South was missing.

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 81353 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$322.15. 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 81353 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, one Kiril's receipt submitted by former President [REDACTED] for \$92.31 did not contain the purpose of the meeting and names of attendees. Further receipts for executive board meetings did not contain the names of attendees or restaurant information. 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. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized the purchase of the computer at a membership meeting early in the fiscal year. However, the minutes of the membership meetings do not contain any reference to this issue. The February 16, 2007 Executive Board minutes only identify that the computer was purchased. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 81353 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 81353 for fiscal year ending September 30, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 81353 did not include some reimbursements to officers totaling at least \$1,648 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 81353 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).

2. Fixed Assets

Local 81353 did not report the value of fixed assets at the end of the reporting period in Item 29 (B), totaling at least \$700.00. During the fiscal year, the local purchased a computer for \$700, which is reported in Item 52 (Purchase of Investments & Fixed Assets). The union must report the book value at the start and end of the reporting period of all fixed assets, such as office furniture and equipment owned by the organization in Item 29, Columns (A) and (B).

I am not requiring that Local 81353 file an amended LM report for 2007 to correct the deficient items, but Local 81353 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Signing Blank Checks

During the audit, you advised that, as treasurer, you signs blank checks when you are going to be away. During the opening interview you advised that your union require that all checks be signed by two officers; Treasurer, President, or Vice President. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 81353 review these procedures to improve internal control of union funds.

2. Elections

During the audit, you advised that your last election was held in December 2006, and that your next election was scheduled for December 2011. This five year term would allow you to get on the same schedule as the rest of CWA. As we discussed, Section 401(b) of the LMRDA requires that "every local labor organization shall elect its officers not less often than once very three years." You

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indicated that you would propose to your membership that you conduct an election in December 2009, and then hold another election in December 2011 to remain in compliance with the LMRDA. I further advised you of the upcoming election compliance assistance session in Buffalo, NY on Friday October 24, 2008.

I want to extend my personal appreciation to CWA Local 81353 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: Philip Taylor, President