

U.S. Department of Labor

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April 13, 2009

Mr. Robert Cooper, Treasurer
Communication Workers AFL-CIO
Local 3808
100 Arlington Avenue
Nashville, TN 37210

LM File Number 010-134
Case Number: [REDACTED]

Dear Mr. Cooper:

This office has recently completed an audit of Communication Workers (CWA) Local 3808 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 Executive Vice President Becky Morris, Office Manager Sandra Carlson, and yourself on April 1, 2009, 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.

The CAP disclosed

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 3808's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 3808 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$2,230.06. For example, the union failed to retain hotel receipts for leadership school training, and airline tickets to the collective bargaining agreement conference in St. Louis, Missouri.

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. Receipt Dates not Recorded

Entries in Local 3808's receipts journal reflect the date the union deposited money, 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-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.

3. Lack of Salary Authorization

Local 3808 did not maintain records to verify that the salaries reported in Schedules 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

4. Meal Expenses

Local 3808 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$243.00. 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 3808 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 union failed to list the purpose and name of attendees for a meal at Stoney River totaling \$725.00. 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.

Based on your assurance that Local 3808 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 3808 for fiscal year ending September 30, 2008, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Failure to File Bylaws

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 3808 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 3808 has now filed a copy of its constitution and bylaws.

3. Investment Reconciliation

Local 3808 failed to enter in Column (B) of the LM-2 report the total cost of all the labor organization's marketable securities including transaction costs such as brokerage commissions.

Local 3808 must file an amended Form LM-2 for fiscal year ending September 30, 2008, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than **April 30, 2009**. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Issues

1. Duplicate Receipts

Members of Local 3808 pay dues directly to the union. Office Manager Sandra Carlson records dues payments in the union's receipts journal, but she does not issue receipts to dues payers. OLMS recommends that Local 3808 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Use of Signature Stamp

During the audit, it was discovered that several checks issued by Local 3808's contained the stamp signature of President Richard Feinstein on union checks. You indicated that no one but yourself and the president reviews the checks before they are issued and that this is a practice that the local does not continue. Article XX (E) of Local 3808's bylaws requires that checks be signed by the secretary-treasurer and an executive 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 second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 3808 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Communication Workers (CWA) Local 3808 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: Richard Feinstein, President