



September 28, 2010

Mr. Ray Mehaffey, Director
Communications Workers AFL-CIO Local 3805
1415 Elm Street
Knoxville, TN 37921

Case Number: [REDACTED]
LM Number: 021513

Dear Mr. Mehaffey:

This office has recently completed an audit of Communications Workers AFL-CIO Local 3805 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 Secretary Rebecca Rueter on September 27, 2010, 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 3805's 2009 records revealed the following recordkeeping violations:

1. Failure to Record Disbursements

Local 3805 did not record in its disbursement records some union checks for union expenses that were written and had cleared the bank. For example, approximately \$200 in union checks was not deducted from the union's book balance. Union disbursement records must include an adequate identification of all money the union disbursed. The records should show the date, payee, check number, check amount received, and the source or account of the money.

2. Failure to Record Receipts

Local 3805 did not record in its receipts records some interest earned from its certificate of deposit totaling at least \$800.00, which was direct deposited into its money market account. For example, the local failed to maintain a general ledger or record for its money market and certificate of deposit accounts. 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.

Based on your assurance that Local 3805 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 3805 for the fiscal year ended September 30, 2009 was deficient in that:

Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 3805'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.

I am not requiring that Local 3805 file an amended LM report for 2009 to correct the deficient items, but Local 3805 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation(s):

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 3805's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 3805 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 Communications Workers AFL-CIO Local 3805 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: Debra Helsley, President