



December 21, 2011

Mr. Rob Boelk, President  
Communications Workers, AFL-CIO, Local 4622

Case Number: [REDACTED]  
LM Number: 042696

Dear Mr. Boelk:

This office has recently completed an audit of Communications Workers Local 4622 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, Treasurer Harry Dolens, Secretary Steve Druckery, and Chief Steward Miralem Lugonjic on December 8, 2011, 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 4622's 2010 records revealed the following recordkeeping violations:

## 1. Failure to Record Receipts

The audit revealed that Local 4622 failed to record over \$14,000 in receipts from various sources during the audit year. Local 4622 maintained Microsoft Excel spreadsheets for the period September 2009 through April 2010 that identified income received by the local; however, from May 2010 through September 2010, Local 4622 failed to maintain any record of its receipts including the spreadsheets that were normally maintained. Bank deposit records show that \$14,000 was deposited by the union during that period.

In addition to the failure to record some receipts in any record, the spreadsheets that were maintained by Local 4622 identified the dates that money was deposited but not the date the money was received. 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 receipts must be recorded when money is actually received, and disbursements must be recorded when money is actually paid out. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received.

Receipts records must include an adequate identification of all money received. The records should show the date and amount received, and the source of the money.

Mr. Dolens advised that he began recording union receipts in QuickBooks financial software in October of 2010; however, the audit revealed that the receipt entries in QuickBooks also reflect only the date of deposit. During the exit interview, Mr. Dolens advised that all monies received by the union are paid by check and that he retains copies of all of the checks that he deposits. Mr. Dolens stated that in order to comply with LMRDA recordkeeping requirements, he would begin writing the date of receipt on the copies of the checks that he retains.

## 2. General Disbursement Records

Local 4622 failed to retain adequate documentation to support payments totaling more than \$1,000 to third party vendors such as US Cellular, Clem's Restaurant, and CWA District 4. The union either failed to retain any documentation at all for disbursements to these vendors, or the documentation retained was inadequate in that it did not identify the union business purpose of the disbursements.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

### 3. Per Diem Payments

Local 4622's bylaws contain no provisions regarding authorized travel expenses that may be incurred by officers who travel on union business. However, during the opening interview, you advised that it is the local's policy to pay a per diem rate of \$51 per night (overnight stay required) to officers or employees travelling on union business. During the audit year, you travelled for union business on several occasions and received per diem payments totaling more than \$200. Although the per diem claims were documented on a lost wage and expense vouchers, the claims were inadequate in that the date(s) you traveled and for which per diem was claimed were not identified on the vouchers. (e.g. you claimed five days of wages lost while attending the Convention in Las Vegas but only claimed three days of per diem and did not identify the dates for which per diem was claimed).

In the case of per diem payments to officers and employees for travel on union business, Local 4622 must maintain records which identify the business purpose of each trip, the dates of travel, the destinations traveled to, and the per diem rate claimed for each date.

### 4. Lack of Salary Authorization

Local 4622 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and were therefore correctly reported. Union officers received salaries of between \$60 and \$150 per month during 2010. Local 4622's bylaws do not specifically identify the authorized salary amounts. However, during the opening interview, you advised that the current salary levels have been in effect since well before you took office in 2008 and were likely authorized at a membership meeting sometime before 2008. However, written authorization could not be found in meeting minutes.

Local 4622 must keep a record, such as meeting minutes, to show the current salaries authorized by the entity or individual with the authority to establish salaries.

### 5. Lost Wages

Adequate documentation was not retained for lost wage reimbursement payments to Local 4622 officers and employees totaling at least \$2,500. Records must be maintained 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 audit found that although all lost wage claims were documented on a lost wage and expense vouchers, the vouchers were insufficient in that they lacked either the date the lost wages were incurred, the union business purpose of the lost wages, or both.

Based on your assurance that Local 4622 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 LM-3 filed by Local 4622 for the fiscal year ended Month September 30, 2010 was deficient in the following areas:

1. Total Receipts (Item 43)

During the audit, Mr. Dolens advised that when he took over as the treasurer of Local 4622 in October 2010, he used the bank statements and other available union records to enter all the deposits and disbursements for the period October 1, 2009 to September 30, 2010 into QuickBooks financial software. He also advised that he used the information in the QuickBooks program to complete the LM-3 report for 2010.

The QuickBooks deposit entries and bank deposits reflected on bank statements show that \$40,387.07 was deposited during the fiscal year. However, it appears Local 4622 erroneously reported only \$38,756 in total receipts (Item 43). Mr. Dolens could not explain why the remaining income (\$1,631) was not included in the various receipts categories of Statement B (Receipts and Disbursements) or in the total amount of the union's receipts reported in Item 43.

As noted in the LM-3 instructions, the purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period. In addition, the officers required to file the LM-3 are responsible for maintaining records to verify the accuracy and completeness of the report.

2. Disbursement to Officers

Local 4622 did not include some payments to officers totaling at least \$2,600 in the amounts reported Item 24 (All Officers and Disbursements to Officers). The records maintained by Local 4622 revealed that officers received more than \$17,900 in salary, lost wage, and expense payments; however disbursements totaling only \$15,304 were reported next to the officers' names in Item 24. It appears that some of the payments were erroneously included in the amounts reported in Item 48 (Office and Administrative) or Item 54 (Other Disbursements).

As we discussed during the exit interview, disbursements to officers for compensation, including salary and lost wages, must be reported in Column D (Gross Salary) of Item 24. Most direct disbursements to officers, other than disbursements for salary and wages, and some indirect disbursements made on behalf of its officers, must be reported in Column E (Allowances and Other Disbursements). 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).

### 3. Per Capita Tax Payments

Billing invoices maintained by Local 4622 revealed that the union disbursed more than \$1,500 to various local labor councils and the Wisconsin AFL-CIO for per capita taxes; however, Local 4622 failed to report any amount in Item 47 (Per Capita Tax). During the exit interview, Mr. Dolens advised that it is likely those payments were included in the amounts reported in either Item 48 (Office and Administrative) or Item 54 (Other Disbursements).

### 4. Total Disbursements (Item 55)

The QuickBooks records maintained by Local 4622 revealed that \$35,972 was disbursed during the audit year; however, Local 4622 erroneously reported only \$34,348 in total disbursements (Item 55). Mr. Dolens could not explain why the remaining disbursements (\$1,624) were not included in the various disbursement categories of Statement B (Receipts and Disbursements) or in the total amount of the union's disbursements reported in Item 55.

I am not requiring that Local 4622 file an amended LM report for 2010 to correct the deficient items, but Local 4622 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issue

#### Disbursement Policies

Local 4622's bylaws do not contain any provisions regarding your union's policies or procedures for authorization of disbursements. You advised at the opening interview that it is the practice of Local 4622 to pay wages to officers and employees for any wages lost while conducting union business and reimburse travel expenses, including airfare, lodging, per diem, mileage, and other incidental travel expenses to officers who must travel on union business. You also stated this is an unwritten policy that the local has been operating under for many years. OLMS recommends that your union adopt written guidelines for the payment or reimbursement of expenses and lost wages as such policies can help ensure effective control over union finances.

I want to extend my personal appreciation to Communications Workers Local 4622 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Mr. Harry Dolens, Treasurer  
Mr. Terry Johns, Vice President  
Mr. Steve Druckery, Secretary  
Mr. Miralem Lugonjic