



September 19, 2012

Mr. Robbie Johnson, Secretary-Treasurer  
Communication Workers of America Local 2201  
5809 Lakeside Avenue  
Richmond, VA 23228-5746

Case Number: [REDACTED]  
LM Number: 042256

This office has recently completed an audit of Communication Workers of America Local 2201 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, on September 13, 2012, 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 2201's 2010 records revealed the following recordkeeping violations:

#### 1. General Reimbursed and Credit Card Expenses

Local 2201 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former President [REDACTED], Secretary-Treasurer Robbie Johnson, and President Richard Hatch. For example, an itemized Best Buy invoice totaling \$924 was not maintained along with the union credit card bills.

As 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 2201 did not always maintain itemized receipts for meal expenses. 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 2201 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. 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. Missing Records – Bank Statements

Local 2201 did not maintain all of the union's bank statements during the fiscal year. For example, the [REDACTED] account was missing statements for November 2009 and January, March and June 2010. There were additional pages missing from other statements. Also, the [REDACTED] account was missing the May 2010 statement. The union must maintain all the records provided by the bank to satisfy the recordkeeping requirement of LMRDA Section 206.

4. Reimbursed Auto Expenses

Officers who received reimbursement for business use of their personal vehicles did not always retain adequate documentation to support payments to them during the 2010 audit year. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

5. Lost Wages

Local 2201 did not always retain adequate documentation for lost wage reimbursement payments to 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 found that Local 2201 either did not maintain documentation for a lost time payment or if a

voucher was maintained, the description said only the number of hours that were lost without any further explanation of the union business conducted. While some lost time vouchers did have an explanation, one is necessary every time a disbursement is made.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 2201 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.

Based on your assurance that Local 2201 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 2201 for the fiscal year ended September 30, 2010, was deficient in that:

#### 1. Disbursements to Officers and Employees

Local 2201 did not include some reimbursements to officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

Local 2201 must file an amended Form LM-2 for the fiscal year ended September 30, 2010, 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](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but not later than October 5, 2012. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

#### 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 2201 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 2201 has now filed a copy of its constitution and bylaws.

#### Other Violations

The audit disclosed the following other violation:

##### 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 2201's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 2201 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.

#### Other Issues

##### Use of Signature Stamp

During the audit, Secretary-Treasurer Johnson advised that it was Local 2201's practice for the local to sign all union checks and to stamp the signature of former President Christopher Lane on union checks when he was not available. Secretary-Treasurer Johnson indicated that no one but him reviews the checks before they are issued. Article XII of Local 2201's bylaws 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 recommends that Local 2201 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Communication Workers of America Local 2201 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: Mr. Richard Hatch, President