



February 19, 2013

Mr. Terry Russell, President
Communications Workers AFL-CIO, Local 4630
2037 Di Piazza Drive
Cottage Grove, WI 53527

Case Number: 330-08797 [REDACTED]
LM Number: 040672

Dear Mr. Russell:

This office has recently completed an audit of Communications Workers Local 4630 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 Aaron Anderson, and Executive Vice President Joel Meier on January 18, 2013, 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 4630's 2012 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Local 4630 recorded its receipts in Sage Accounting Software. No other union record of receipts was kept. Entries in Sage reflect the date that money was deposited but not the

date 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 Labor Organization Annual Report (Form 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. Local 4630 must take steps to ensure that the dates of all receipts are properly recorded in union records.

2. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for the business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$550. All mileage claims were documented on a "CWA Local 4630 Expense Statement"; however, the documentation was insufficient because the locations travelled to and from were not identified on the expense forms.

Local 4630 must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The records 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.

3. Meal Expenses

Local 4630 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$160. Itemized receipts provided by restaurants to officers and employees must be retained. 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.

In addition, Local 4630 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, check [REDACTED] in the amount of \$1,130.70 to you included reimbursement for a \$72 meal charge incurred on July 25, 2012. Although a credit card receipt for the expense (charged to a personal credit card) was attached to the expense statement, no additional information was provided that identified the names of those people present for the meal. The itemized receipt for this meal was not retained.

4. Credit Card Expenses

Adequate documentation was not retained for credit card expenses charged to union credit cards by union officers and employees totaling at least \$1,750. For example, in October of 2011, you incurred credit card expenses totaling \$454.84 at vendors including

the United States Postal Service, Home Depot, Potawatomi Inn, and BFI Printing and Mailing; however, no supporting documentation, other than the credit card statement, was retained for these expenses.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. As we discussed, the credit card statement alone does not satisfy the recordkeeping requirement for credit card expenses. 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.

Based on your assurance that Local 4630 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 4630 for the fiscal year ended September 30, 2012, was deficient in the following areas:

1. Payments to Officers (Item 24)

Local 4603 did not include some payments to former Vice President [REDACTED] former Treasurer [REDACTED] and former Recording Secretary [REDACTED] in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The former officers held office until the expiration of their terms in late 2011. All payments disbursed to them following the expiration of their terms were erroneously reported in Item 46 (To Employees). All payments made to persons holding office during the year must be reported in Item 24.

2. Dues Receipts (Item 38)

Local 4630 failed to report some dues income in Item 38 (Dues). The receipt records maintained by Local 4630 in Sage show that Local 4630 recorded dues income of \$2,314.46 in a "Miscellaneous" receipts category and recorded the remainder of its dues income (\$90,949) in the "Dues-International" receipt category. Mr. Anderson stated that he misreported the dues income recorded in the "Miscellaneous" category as other receipts in Item 43 (Other Receipts). All dues income received by your organization must be reported in Item 38.

3. Purchase of Investments and Fixed Assets (Item 52)

Local 4630 failed to report the disbursement for the purchase of a fixed asset in Item 52 (Purchase of Investments and Fixed Assets). Local 4630 purchased a computer from Milwaukee PC for \$770.13; however Local 4630 reported \$0 in Item 52. Mr. Anderson

stated that the disbursement for the computer was erroneously included in the amounts reported in either Item 48 (Office and Administrative) or Item 54 (Other Disbursements).

The inventory list of fixed assets maintained by Local 4630 shows that the value of the computer was included in the value of the local's fixed assets that were reported at the end of the year in Item 29(b) (Fixed Assets at End of Reporting Period). Disbursements for assets purchased during the year that the union chooses to report as fixed assets included in the amount reported in Item 29 must also be reported in Item 52.

4. Professional Fees (Item 49)

Local 4630 disbursed \$583 for professional accounting services, but reported \$0 in Item 49 (Professional Fees). Mr. Anderson stated that payments to McLandry and Pullen LLP were erroneously included in the amounts reported in Item 48 (Office and Administrative) or Item 54 (Other Disbursements).

All disbursements for "outside" legal and other professional services, including bookkeeping, must be reported in Item 49.

I am not requiring that Local 4630 file an amended LM report for 2012 to correct the deficient items, but Local 4630 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 4630 amended its constitution and bylaws in 2010 but did not file a copy with its LM report for that year. Local 4630 more recently amended its bylaws in July of 2012 and filed those bylaws with its LM-3 report in December of 2012.

Other Issue

Lack of Credit Card Policy

The audit revealed that several officers of Local 4630 had access to a union credit card since at least October of 2011. Although officers incurred charges totaling more than \$5,800 during the audit year, Local 4630 has no written policies regarding authorized uses of a union credit card. To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish a written policy that outlines the best practices for monitoring credit card use and administering payments within your union. OLMS recommends that unions (1) adopt clear policies and procedures for credit card use and payment, (2) maintain detailed documentation to support each credit card charge and credit card payment, and (3) regularly monitor compliance with the established credit card

policies and procedures. Please see the attached compliance tip regarding reimbursed travel expenses for additional information.

I want to extend my personal appreciation to Communication Workers Local 4630 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. Aaron Anderson, Treasurer
Mr. Joel Meier, Executive Vice President