



December 22, 2014

Ms. LaNell Piercy, President  
Communication Workers Local 4252  
P.O. Box 2  
Marseilles, IL 61341-0002

Case Number: 310-6000755  
LM Number: 530907

Dear Ms. Piercy:

This office has recently completed an audit of Communication Workers (CWA) Local 4252 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 Treasurer Renee Berard on December 22, 2014, 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 4252's 2013 records revealed the following recordkeeping violations:

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

Local 4252 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$8,500. For example, you and other

officers charged airfare, lodging, meals, office supplies, telephone, and internet expenses to the union-issued credit cards, but the only supporting documentation retained was the credit card statement. Credit card statements alone are not sufficient to fulfill the recordkeeping requirement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. For credit cards, original receipts include itemized receipts for each credit card charge, including invoices, transportation costs, and itemized meal receipts. During the exit interview, I provided you with an OLMS Compliance Tip regarding union credit card policies, which further explains the recordkeeping requirements and provides internal control recommendations. 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.

## 2. Meal Expenses

Local 4252 did not require officers to submit itemized receipts for meal expenses totaling at least \$2,600. In most instances, the only records retained in support of meal expenses were the credit card statements. Itemized receipts provided by restaurants to officers must be retained. In instances where restaurant and room service charges are charged to hotel rooms, itemized meal receipts must also be maintained. In the case of the Local 4252, many of the meal expenses were incurred at restaurants that routinely provide customers with itemized receipts. The 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 4252 records of meal expenses did not include written explanations of the union business conducted or the titles and full names of the persons incurring or receiving the benefit of restaurant charges. 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. Cell Phone Bills

During the audit year, the union paid the personal cell phone bills of you and Vice President Angela Minnick. However, you and Ms. Minnick failed to submit adequate documentation to Local 4252 for the payment personal cell phone bills, by submitting only photocopies of the personal bills, by submitting only the summary page of the bills, or not submitting any supporting documentation. If Local 4252 pays for any business calls made from an individual's personal cell phone, or pays the entire bill, either as a direct payment to the telephone company or as a reimbursement to the individual, Local 4252 must retain the original telephone bills. In addition, the documentation retained must clearly note the charges paid by Local 4252.

4. Lack of Salary Authorization

Officers of Local 4252 each received a salary of \$300 per month during 2013. However, Local 4252 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Secretary Treasurer Renee Berard advised that the salary were authorized in 2005, but no meeting minutes could be found documenting the authorization. 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.

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 4252 for the fiscal year ended September 30, 2013, was deficient in the following areas:

1. Officers Not Listed

Local 4252 did not report the name of an officer in Item 24 (All Officers and Disbursements to Officers). The audit revealed that the union had one additional officer, Executive Board Member [REDACTED], who is not identified in Item 24. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

2. Disbursements to Officers

Local 4252 failed to include some direct and indirect disbursements to you and other officer and employees in the amounts reported in Item 24 (All Officers and Disbursements to Officers) totaling at least \$6,500. For example, the union's vouchers and general ledger show that you were directly disbursed at least \$3,552.64 for mileage and other reimbursed expenses. The credit card statements show that you and Vice President Angela Minnick incurred at least \$2,694.49 in meal expenses. However, nothing was reported in Column E (Allowances and Other Disbursements). It appears these payments were erroneously reported in Item 54 (Other Disbursements).

Most direct disbursements to Local 4252's officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. 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. Dues Income and Per Capita Payments

Local 4252 did not correctly report the dues collected in Item 38 (Dues) and disbursements for per capita tax in Item 47 (Per Capita Tax). Local 4252's dues are withheld from members' wages and remitted to the Communication Workers International Union. The CWA International Union retains certain amounts for per capita taxes and remits the remaining funds to Local 4252. The amount reported by Local 4252 in Item 38 appears to include the full amount remitted to the CWA International Union rather than the amount actually received by Local 4252. The amount reported by Local 4252 in Item 47 appears to erroneously include amounts retained by the CWA International Union for per capita taxes. The LM-3 instructions require that you report in Item 38 only those funds actually received by your organization and that you report in Item 47 only those funds actually disbursed by your organization for per capita taxes.

### 4. Other Receipts

Local 4252 received three reimbursements from its employer, AT&T, totaling at least \$1,924.93, but nothing was reported in Item 43 (Other Receipts). You are a member of the CWA and AT&T Labor Advisory Forum. During the audit year, you attended three conferences in which Local 4252 paid for your lodging and airfare, and were subsequently reimbursed by AT&T. It appears these receipts were erroneously reported in Item 38 (Dues).

I am not requiring that Local 4252 file an amended LM report for 2013 to correct the deficient items, but Local 4252 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violation

#### Failure to File LM-3 Report by the Due Date

The audit disclosed a violation of LMRDA Section 201(b), which requires the president and treasurer, or corresponding principal officers, of each labor organization to file an annual financial report accurately disclosing the union's financial condition and operations within 90 days after the end of the labor organization's fiscal year. Local 4252's fiscal year ends on September 30<sup>th</sup>, and it must file its annual financial report by December 29<sup>th</sup>. However, 2013 report was actually filed on March 22, 2014, 192 days after the due date. In addition, Local 4252 has not filed its LM-3 on time since at least 2004. You agreed Local 4252 will file timely reports with OLMS in the future. Please be aware that Section 209 and 2010 of the LMRDA provide for criminal and civil penalties for willful failure to file.

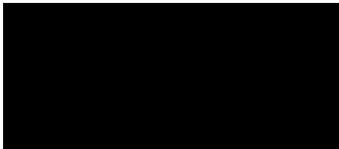
Other Issue

Meal Expense Policy

The audit revealed that that Local 4252 does not have a clear written policy regarding meal expenses that are charged to the union credit card. During the audit, you and Secretary Treasurer Berard advised that due to health reasons you are unable to drive, and your husband drives you to conduct union matters. It has been the unwritten union policy to compensate your husband for his time, by having the union purchase him lunch or dinner. In addition, you advised that meals are paid at actual cost, but there is no policy which describes the circumstance under which meal expenses can be incurred or limits the amount that can be spent. OLMS recommends that unions adopt written guidelines concerning such matters to help ensure effective internal controls and safeguard union assets.

I want to extend my personal appreciation to Communication Workers Local 4252 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: Ms. Renee Berard, Secretary Treasurer