



April 28, 2015

Mr. Jacob Vick, President  
Communications Workers AFL-CIO  
Local Union 4103  
12145 Saginaw St.  
Flint, MI 48502

Case Number: 320-6003495( )  
LM Number: 032-048

Dear Mr. Vick:

This office has recently completed an audit of Communications Workers Local 4103 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 Financial Secretary Cecil Miller on April 15, 2015, 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 4103's 2014 records revealed the following recordkeeping violations:

#### 1. General Expenditures

Local 4103 did not retain adequate documentation for checks written to outside parties totaling at least \$1,927. For example, the union maintained a completed check stub for check [REDACTED], which was issued to the Genesee County Treasurer for \$1,427, but no receipt or billing statement was retained to support this payment or provide sufficient details

regarding the purchase. As previously noted, labor organizations must retain original receipts, bills, and vouchers for all disbursements.

## 2. General Reimbursed and Credit Card Expenses

Local 4103 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$4,900. For example, you charged at least \$5,000 on the union-issued credit card, including airfare, lodging, gas, meals, and office supplies. The union retained credit card statements, but did not keep original, itemized receipts for at least \$2,931 of these charges. Credit card statements alone are not sufficient to meet the recordkeeping requirements.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Credit card charge slips and itemized receipts for each charge must be maintained and, if the necessary information is not shown on the charge slips and itemized receipts, then a record must be created that shows the date the expense was incurred, the name and address of the entity providing the goods or services, the goods or services received, the amount, and the nature or purpose of the union business that required the expense. Please consult the OLMS Compliance Tip *Union Credit Card Policy* provided to you during the exit interview for further guidance on this matter.

As another example, at least \$2,000 was disbursed to officers for per diem to attend conferences and conventions. The only records retained were check stubs that identify payment for “per diem,” but they failed to identify the dates of travel, the destination, or the applicable per diem rate paid. In the case of per diem payments to officers for travel on union business, Local 4103 must maintain records that identify the business purpose of each trip, the dates of travel, the destination(s) traveled to and from, and the per diem rate paid for each day of travel. During the exit interview, I provided the OLMS Compliance Tip *Reimbursed Travel Expense Payments*, which contains a sample of an expense voucher Local 4103 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for officer expenses.

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.

## 3. Meal Expenses

Local 4103 did not require officers to submit itemized receipts for meal expenses totaling at least \$300. In most instances, the only records retained in support of meal expenses were the credit card charge slips or customer copy receipts. The union must maintain itemized receipts provided by restaurants to officers. 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 4103 records of meal expenses charged to union credit cards did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the purpose listed (e.g., “thank you lunch,” “Retiree lunch”) on some of the meal receipts are not sufficiently descriptive. 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.

#### 4. Receipts Dates and Sources Not Recorded

Entries in Local 4103’s QuickBooks reflect the date the union deposited money, but not the date money was received, and do not always identify the sources of the payments. Union receipts records must show the date, amount, purpose, and source of all receipts.

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 the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 4103 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Reporting Violation

##### Failure to File By-laws

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 4103 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year. Local 4103 has now filed a copy of its constitution and bylaws with OLMS.

#### Other Issue

##### Mileage or Gas Expense Policy

You advised that officers may claim either mileage or actual gas expenses when using personal vehicles while traveling on union business. The audit revealed that Local 4103 does not have a clear policy regarding reimbursed automobile expenses. OLMS strongly recommends that Local 4103 adopt written guidelines concerning such matters to help ensure effective internal controls and safeguard union assets. During the exit interview, I

provided the OLMS Compliance Tip *Reimbursed Travel Expense Payments*, which provides further information.

I want to extend my personal appreciation to Communications Workers Local 4103 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. Cecil Miller, Financial Secretary