



July 1, 2016

Mr. Bill Collins, President  
Communications Workers Local 84704  
113 N. Sandusky Ave.  
Bucyrus, OH 44820-0183

Case Number: 350-6006947 [REDACTED]  
LM Number: 042-114

Dear Mr. Collins:

This office has recently completed an audit of Communications Workers Local 84704 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, Financial Secretary Kevin Walker, and Vice President Phil Bays on June 23, 2016, 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 84704's September 30, 2015 records revealed the following recordkeeping violations:

1. Failure to Record/Maintain Receipts Records

Local 84704 did not record in its QuickBooks receipts records two deposits totaling \$663.01 for a reimbursement from you and a Bureau of Workers' Compensation refund check. In addition, a deposit of \$1,060.00 recorded on September 10, 2015 did not have any supporting documentation to verify specifically who the funds came from and how much. Some of the funds were reimbursements from additional tickets purchased by the Canoe trip attendees and some of the funds were from a 50/50 raffle. All funds collected from the 50/50 raffle must be deposited with a disbursement in the form of a check to the raffle winner.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the detailed source of the money.

2. Disbursements Documentation

Local 84704 did not retain adequate documentation for disbursements totaling at least \$4,003.08. For example, no room invoice documentation was available for the Belterra Casino Resort for the training classes attended by the local's officers; no boarding passes were maintained in the records for you and Vice President Bays for union business travel to New York and Florida; an itemized purchase receipt was not maintained from the Steer Barn for the new officers' dinner; and no supporting documentation was available for donations made to 2<sup>nd</sup> Harvest, BORN, and Wounded Warrior charities.

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.

Based on your assurance that Local 84704 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 84704 for the fiscal year ended September 30, 2015, was deficient in the following areas:

1. Disposal of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away t-shirts and Bibles totaling more than \$523.00 during the year. In addition, the union purchased items of at least \$464.20 to raffle at the annual hog roast.

The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 84704 did not report the names of some officers and any amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). 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.

The employer, General Electric, withholds from the local's dues payments any lost time salary incurred by any officers for union business. These lost time payments are considered to be direct disbursements from the local's funds and must be reported as such next to the officers' names in Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 84704 officers and some indirect disbursements made on behalf of its officers 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. Purchase of Fixed Assets

It appears that the cash figures reported in Item 25 (Cash) are the actual figures according to Local 84704's books after reconciliation to the bank statements. However, total disbursements calculated in Item 55 were under reported by \$4,593.00 after review of disbursements with the union's books. It appeared that purchases of a desk and a fire proof filing cabinet were not properly recorded in Item 52 (Purchase of Investments and Fixed Assets).

#### 4. Under Reporting Receipts and Disbursements

The local's total receipts and total disbursements are being under reported because the employer, General Electric, deducts lost time salaries paid to union members for union business from the amount submitted to the International. Therefore, the actual amount of dues the local would have received from the International and the actual amount of lost time payments disbursed to officers must be reported on the local's LM report.

Since Statement B reports all cash flowing in and out of your organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement.

Under Statement B of the instructions, receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the organization.

Local 84704 must file an amended Form LM-3 for the fiscal year ended September 30, 2015, to correct the deficient items discussed above. I encourage Local 84704 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than July 29, 2016 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

#### Other Issues

##### Trustee Audits

As discussed during the opening interview with Financial Secretary Walker, it was disclosed that the union's books and records have not been subject to review by the trustees during the audit year. As noted in the local's bylaws Article IV, Section 7 (A) that the trustees are to audit the books and records of the local at least three (3) times per year and witness the official report by the President and Recording Secretary of the Local Union to the International Secretary-Treasurer informing them that the local's books and records have been audited.

OLMS recommends the local follow the procedures outlined in the local's bylaws concerning audits being performed by the trustees as a measure of internal controls and safeguarding of the union's assets.

I want to extend my personal appreciation to Communications Workers Local 84704 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,

[REDACTED]

Investigator

cc: Mr. Kevin Walker, Financial Secretary