



August 29, 2016

Edward Salus, President  
IUE-CWA Local 84717  
2950 Sferra Ave. NW  
Warren, OH 44483

Case Number: 350-6008660  
LM Number: 001897

Dear Edward Salus:

This office has recently completed an audit of IUE-CWA Local 84717 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 Bookkeeper Tanya Lubianetzki on August 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

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 84717's 2015 records revealed the following recordkeeping violation:

#### Union Asset Accounting

An inventory of union T-shirts is not maintained. The sale of these shirts is documented, but in order to properly account for these union assets the purchase, on hand inventory, and sale of T-shirts all have to be track.

### 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 84717 for the fiscal year ended September 30, 2015, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 84717's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Investment Accounts

The balances of an investment account were included in the beginning and ending cash balances reported under Item 25 (Cash) of the 2015 LM-3 report. Investment account values need to be reported under Item 28 (Investments) of the LM-3 report.

3. Purchase of Investments

The purchase of \$100,000 in investments was not reported in the LM-3 report under Item 52. This caused total disbursements to be under reported by \$100,000.

4. Officer Reimbursed Expenses

There were approximately \$1,000 in officer allowances and reimbursements that were not reported on the LM-3 report. All reimbursements such as mileage, per diem and supplies bought for the union, should be reported under the officer's name who received the funds.

Local 84717 did not include some reimbursements to officers totaling at least \$1,000 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 84717 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).

I am not requiring that Local 84717 file an amended LM report for 2015 to correct the deficient items, but Local 84717 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to IUE-CWA Local 84717 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: Tanya Lubianetzki, Bookkeeper  
James Kerr, Treasurer