



April 17, 2017

Mr. Mark Rumfola, Treasurer  
CWA Local 1115

Case Number: 110-6009885  
LM Number: 055885

Dear Mr. Rumfola:

This office has recently completed an audit of CWA Local 1115 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, President Mike D'Agostino, and Vice President Tom Oakley on March 30, 2017, 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 1115's 2016 records revealed the following recordkeeping violations:

#### 1. Credit Card and Meal Expenses

Local 1115 did not require officers and employees to submit itemized receipts for meal expenses charged to credit cards used by officers totaling at least \$4,100. The union must maintain itemized receipts provided by restaurants to officers and employees. 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 1115 records of meal expenses rarely included written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a credit card meal charge on July 28, 2016 totaling \$192.95 had the receipt but no purpose or names. 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.

## 2. Lost Wages

Local 1115 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 1115 retained individual lost time forms summarizing the total number of hours and the total paid, the forms did not identify adequately the union business conducted. For example, most lost wage forms were missing any purpose noted and those that contained a purpose were overly general in description which is inadequate.

During the exit interview, I provided some sample lost time expense vouchers Local 1115 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

## 3. Reimbursed Auto Expenses

Union officers and employees who received mileage reimbursements for business use of their personal vehicles did not retain adequate documentation to support payments during fiscal year 2016. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1115's LM report. Most of these same recordkeeping and reporting violations were addressed with President D'Agostino in a previous audit conducted in 2010, and therefore, this is the union's second notification of such violations. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who

caused the violations, not just the individuals who are responsible for filing the union's LM report.

### 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-2) filed by Local 1115 for the fiscal year ended September 30, 2016 was deficient in the following areas:

#### 1. Disbursements to Officers

Local 1115 did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$4,100 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

#### 2. Cash Reconciliation

It appears that cash figures reported on the LM-2 report in Item 22 are not the cash figures according to the bank statements after reconciliation with the union's books. It appears the union netted cash receipts and included an Accounts Payable in the ending balance as reported in Item 22 (B). Account balances at the start and end of the reporting period should be obtained from the labor organization's books as reconciled with the balances shown on the bank statements.

#### 3. Failure to Report all Receipts

Local 1115 failed to report all receipts in Statement B (Receipts and Disbursements). The local reported dues received in Item 36 (Dues and Agency Fees) however also included receipts from the sale of apparel which should be reported in Item 43 (Other Receipts).

Also the union failed to report all receipts from the International for Strike Funds as reported in Item 46 (On Behalf of Affiliates for Transmittal to Them). These receipts, as with sale of apparel, would be considered Other Receipts and should be reported in Item 43. It appears the union erroneously “netted” the amount of receipts with the actual amount disbursed to members for such benefits, as reported in Item 57 (Strike Benefits). Netting is not permitted on the form.

I am not requiring that Local 1115 file an amended LM report for 2016 to correct the deficient items, but Local 1115 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issue

#### Inventory of Fixed Assets

As discussed during the course of the compliance audit and during the exit interview, it is recommended that the union maintain an inventory list of assets. An inventory list will help you identify, account for, and determine the total value of your union’s fixed assets. Local 1115 has started an inventory of apparel for sale list and a method for recording future sales.

I want to extend my personal appreciation to CWA Local 1115 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. Michael D'Agostino, President  
Mr. Thomas Oakley, Vice President  
Mr. Mark Adamchick, CPA