



October 13, 2017

Mr. Michael A. Rachetta, President
IUE-CWA Local 81320
602 Old Liverpool Road
Liverpool, NY 13088

Case Number: 110-6009574 [REDACTED]
LM Number: 028828

Dear Mr. Rachetta:

This office has recently completed an audit of IUE-CWA Local 81320 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, Vice President Brian Stephens, Treasurer Joseph Szymanski, Financial Secretary [REDACTED] and several other local officers on October 11, 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 81320's 2016 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 81320 did not retain adequate documentation for expenses incurred by union officers totaling at least \$468. For example, a florist phone order in the amount of \$115.56 and a Staples Direct online order totaling \$26.99 were missing adequate supporting documentation.

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.

2. Lost Wages

Local 81320 did not retain adequate documentation for lost wage reimbursement payments to union officers for the entire year. 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 81320 lost wages are deducted from union dues by the employer. On a weekly basis the employer provides the union a payroll report which includes any deductions for lost wages. This employer report includes the employee ID number, employee name, hour's lost, net pay, and gross pay. It does not however include the officer's rate of pay, date of lost wages, and the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 81320 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. I also explained that the union could use the report the employer provides and simply add the necessary information to meet the requirements.

Based on your assurance that Local 81320 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-2 filed by Local 81320 for the fiscal year ended September 30, 2016, was deficient in the following areas:

1. Disbursements to Officers

Local 81320 did not include some reimbursements or payments to officers totaling at least \$1,700 in Schedule 11 (All Officers and Disbursements to Officers). 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. Dues Receipts

It appears that the cash receipts reported in Item 36 (Dues and Agency Fees) are not the figures according to Local 81320's records. It appears the union failed to report some dues received during the period. The union reported \$316,097 in Item 36. The OLMS audit found the total amount of dues received for the fiscal year was at least \$337,298.

I am not requiring that Local 81320 file an amended LM report for 2016 to correct the deficient items, but Local 81320 has agreed to properly report the deficient items on all future reports it files with OLMS, including the most recent completed fiscal year ending September 30, 2017.

I want to extend my personal appreciation to Local 81320 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. Brian Stephens, Vice President
Mr. Joseph M. Szymanski, Treasurer
, Financial Secretary