



January 22, 2019

Jaime O'Donnell, President  
Communications Workers of America (CWA) Local  
1051

Case Number: 110-6014894 [REDACTED]  
LM Number: 002100

Dear Mr. O'Donnell:

This office has recently completed an audit of CWA Local 1051 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 on January 14, 2019, 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 Violation

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 1051's 2017 records revealed the following recordkeeping violation:

Salary Payments and Lost Wages

Local 1051 did not retain adequate documentation for salary and lost-wage payments to former President Steven Plouffe. [REDACTED], for \$549.27, for example, appears to be a salary payment, but the records do not make clear the basis for this disbursement and do not indicate whether the union withheld any taxes. Similarly, [REDACTED], for \$295.60, appears to be a lost-time

disbursement, but the union records do not indicate why this payment was made. 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.

### Reporting Violation

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 1051 for the fiscal year ended September 30, 2017, was deficient in that:

Local 1051 did not include some reimbursements to officers totaling at least \$2,420 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). Also, it appears that the union included some payments of allowances and other disbursements to officers as gross salary in Item 24, Column D, rather than reporting them separately in Item 24, Column E.

The union must report most direct disbursements to Local 1051 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 1051 file an amended LM report for 2017 to correct the deficient item, but Local 1051 has agreed to properly report the deficient item on all future reports it files with OLMS.

### Other Issue

#### Fixed Asset Inventory

The audit revealed that Local 1051 does not maintain a fixed asset inventory. A fixed asset inventory should be maintained to identify each asset, the value of each asset and to document the purchase, sale or distribution of each asset. OLMS recommends that unions establish and maintain a fixed asset inventory to adequately account for all property that is purchased, sold or given away.

I want to extend my personal appreciation to CWA Local 1051 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