



June 12, 2019

Mr. Robert Martin, Treasurer
CWA Local 51018
4 Symphony Drive
North Easton, MA 02356

Case Number: 110-6013096
LM Number: 512492

Dear Mr. Martin:

This office has recently completed an audit of CWA Local 51018 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 May 16, 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 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 51018 2017 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 51018 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$200.00. 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.

In addition, Local 51018 records of meal expenses did not always include written explanations of the names and titles of the persons incurring the restaurant charges. For example, there are seven reimbursement checks related to executive board and membership meetings at The Stockyard restaurant that did not include the names of the attendees with the receipts. 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.

2. Information not Recorded in Meeting Minutes

During the audit, Mr. Martin advised OLMS that the executive board authorized expense reimbursements to [REDACTED]. The meeting minutes included an agenda that mentioned the expense would be discussed, but the decision or authorization was not provided. In addition, the meeting minutes did not include discussions related to payments to Kimball Farms for the membership meeting. Your bylaws require that all expenses be authorized by the executive board. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 51018 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 LM-3 filed by Local 51018 for the fiscal year ended September 30, 2017, was deficient in the following areas:

1. Disbursements to Officers

Local 51018 did not include some reimbursements to officers totaling at least \$2,866 in the amounts reported Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 51018 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).

2. Cash Reconciliation

The LM report for 2017 shows a cash reconciliation difference of \$17,081. Specifically, cash at the start of the reporting period (Item 25A) plus total receipts (Item 44) minus total disbursements (Item 55) does not equal cash at the end of the reporting period (Item 25 B), and not explanation is provided in Item 56. There are reconciliation differences in the 2016 and 2018 LM- 3 reports as well. The EFS system, which you will be using, will automatically advise you of any cash reconciliation issues.

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 51018 has not filed a copy with its LM report.

As agreed, Local 51018 will file a copy of its current constitution and bylaws with OLMS with their next LM report.

I am not requiring that Local 51018 file an amended LM report for 2017 to correct the deficient items, but Local 51018 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 51018 officers and employees are currently bonded for \$80,000, but they must be bonded for at least \$83,000. Local 51018 is in the process of obtaining adequate bonding coverage through their CWA Representative and will provide proof of bonding coverage to this office as soon as possible, but not later than June 19, 2019.

Other Issues

During the audit, Robert Martin advised that it was Local 51018's practice for him to sign all union checks and to stamp the signature of President Michael Wilkins on union checks. Local 51018's bylaws requires that checks be signed by the president and treasurer. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two-signature requirement. Mr. Martin has indicated that after the audit year, this practice has ceased.

I want to extend my personal appreciation to CWA Local 51018 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,



Senior Investigator