

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Dallas District Office
525 S. Griffin St., Suite 300
Dallas, TX 75202
(972) 850-2500 / FAX: (972) 850-2501



December 1, 2005

Lary Kelly, President
CWA, LU-86113
2214 Hickorynut Court
Little Rock, AR 72211

Re: 2

Dear Mr. Kelly:

This office has recently completed an audit of CWA LU-86113 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 on September 14, 2005, 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.

Title II of the LMRDA establishes certain reporting and record-keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following recorded keeping violations were revealed during the audit of Local 86113's 2003 records:

Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must 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.

During the Organizational Interview Questionnaire (OIQ), it was discussed that the Bylaws authorized the president, treasurer and Chief Steward to receive \$60 per month as allowance. Adequate documentation was not retained for payments of \$60.00 monthly allowances for officers. The only record of such allowance taking place is written on the face of checks received by that officer. No explanation of what type of work the officer did to receive such allowance. No Bylaws were presented for inspection to corroborate such authorization. Additionally, there is no record to show why the president handles the finances and not the treasurer.

During the audit, I advised you that several rent payments could not be found in union records or checks. Six months out of 12 in the Fiscal Year Ending (FYE) 2003, were missing. There was no ledger or log to corroborate why those six months were not reported. There is no document explaining how much rent was paid monthly. I suggest that Local 86113 take steps to record the authorized rent amounts in the future.

We also discussed the convenience of keeping a disbursements journal listing debits and credits showing beginning and ending balances, which can be compared with the monthly bank statements. Additionally we agreed that you will hand over all financial matters to Sylvia Warren, Treasurer, and that you as the president will not get involved in financial bookkeeping.

A review of meeting minutes disclosed that, although the month and day of meeting is written, the year when the meeting took place is absent. It also showed that the agenda limits to outline three or four items, but no results, approvals or disapprovals of the items presented is recorded.

As agreed, provided that Local 86113 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation. The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 86113's LM-3 report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records.

The CAP disclosed a violation of LMRDA Section 201(b), because the Labor Organizations Annual Report (Form LM-3) filed by Local 86113 for fiscal year ending May 31, 2003 was deficient in the following areas:

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

The names of some officers who held office during the year were not reported in item 24 with the total amount of payments to or for them. The names of all persons who held office during the year must be reported in item 24 regardless of whether or not they received any payments from the union.

I strongly urge Local 86113 to adopt clear guidelines regarding the recording of deposits and withdrawals of the checking account. If written guidelines such as By-laws are adopted in the near future, I would appreciate it if you would provide a copy to this office.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Ms. Sylvia Warren's successors at whatever time you may leave office.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

cc: Treasurer