

**U.S. Department of Labor**

Employment Standards Administration  
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December 22, 2004

Ronald Leonard, Treasurer  
Communications Workers, AFL-CIO  
Local 88400  
P.O. Box 2102  
Harrisburg, PA 17105-2102

Re: ' 2

Dear Mr. Leonard:

This Office has recently completed an audit of Communications Workers, AFL-CIO, Local 88400 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and Mr. Timmons on December 20, 2004, 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.

**Record Keeping Violations**

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 record keeping violations were revealed during the audit of Local 88400's 2003 records:

1. Local 88400 failed to maintain backup documentation for disbursements of union funds. Specifically, no backup documentation was found for check number 1030, dated January 15, 2003, made out to Robert Fuhrer for accounting services for \$600. During a third

party interview with Mr. Fuhrer, he stated that he does not determine the price for his accounting services; rather, the union sets his fee. An expense such as this should be approved by the membership and be recorded in the meeting minutes.

Additionally, no backup documentation was found for check number 1031, dated January 28, 2003, to Office Max for the purchase of an ink cartridge for the union printer. However, during the organizational interview, you explained that Office Max neglected to put the receipt in the bag.

2. When documentation was maintained for reimbursed expenses, it was inadequately descriptive in some instances. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must also be recorded.
3. Article IX of Local 88400's bylaws states, "Regular membership meetings shall be held four times a year. On the second Sunday of January, April, July, and October. When special circumstances require, the Executive Board may change the date of any meeting." However, Local 88400 only holds membership meetings two to three times a year as needed. Additionally, when meetings are held, no meeting minutes are kept. Minutes are required to be kept and must include a review of bills and the authorization and approval granted to make all expenditures of union funds. Meeting minutes must also be kept for all Executive Board meetings.
4. Union officers failed to record the date and/or purpose of lost time claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained. During the exit interview, I provided samples of blank expense vouchers Local 88400 may use that identify the type of information and documentation which must be retained for lost wages and other officer expenses.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 88400's LM report. As agreed, provided that Local 88400 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding these violations.

### Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 88400 for fiscal year ending December 31, 2003 was deficient in the following areas:

1. 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).

Specifically, all officers of Local 88400 received checks for lost time during the audit year: President Henry Timmons received \$839.40, Treasurer Ron Leonard received \$2,077.36, Vice President Edwin Herb received \$964.93, and Recording Secretary Terry Hocker received \$832.77. These amounts should have been entered in Item 24, Column D next to the appropriate officers' name on the 2003 LM-3 report; however, \$0 was reported in Column D for all officers.

Additionally, if a few officers go to a negotiating luncheon and one officer pays the total bill for the meal and is later reimbursed by the union, the disbursement should be reported in Item 24, Column D either totally next to the officer's name who paid for the bill or allocated among the officers present for the meal. For more detailed instructions on filling out Item 24 on the LM-3 report please refer to the LM-3 instructions provided to you during the exit interview.

It will be necessary for Local 88400 to file an amended LM-3 report for 2003 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. One copy of each amended report should be submitted to this office at the above address as soon as possible, but no later than January 22, 2005. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

### **Recommendations**

The following suggestions are not mandatory to correct but are highly recommended:

1. It would be beneficial to maintain more descriptive bank deposit tickets listing exactly where the money being deposited was received. This makes the flow of money coming into the union easier to trace and proves that all money received by the union is being deposited.
2. Without individual member ledger cards, it is difficult to keep determine members in good standing. This becomes problematic when issuing checks to retired members and

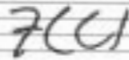
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during union elections. It is advised that you maintain separate ledger cards for each member in addition to the cumulative list provided by the international.

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 Mr. Timmons' successors at whatever time you may leave office.

I want to thank you and Mr. Timmons for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,



Investigator

cc: Henry Timmons, President