

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood Avenue
Room 510
Buffalo, NY 14202-2465
(716)842-2900 Fax: (716)842-2901



June 22, 2009

Kelly Brown, Secretary-Treasurer
Communication Workers, AFL-CIO
Local Union 1114
18 Chase Street
Auburn, NY 13201

LM File Number: 055-900

Case Number: [REDACTED]

Dear Ms. Brown:

This office has recently completed an audit of Communication Workers, Local 1114 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 President Thomas Marino and you on June 19, 2009, 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 CWA Local 1114 records for fiscal year ending September 30, 2008 revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 1114 did not retain adequate documentation for credit card expenses incurred by President Thomas Marino totaling at least \$1,448. For example, there were no bills retained for lodging at the Atlantic City Resort for \$408.30 and \$250.98. In addition, there was no documentation for a stay at the Desmond Hotel in Albany, NY for \$152.76.

As, previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements, including those charged to the union credit card. A credit card statement is not considered adequate documentation. 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. Meal Expenses

Local 1114 did not retain itemized receipts for meal expenses totaling at least \$3,766. 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.

Union records of meal expenses must include not only the itemized receipt but also written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

3. Reimbursed Auto Expenses

Union Officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them for almost all mileage expenses.

The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Lost Wages

Local 1114 did not retain adequate documentation for lost wage reimbursement payments to union officers on most occasions. 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 1114, while identifying the date of the loss and the purpose, failed to identify on the lost wage vouchers the number of hours and the applicable rate of pay for those hours.

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-3) filed by CWA Local 1114 for fiscal year ending September 30, 2008 was deficient in the following areas:

1. Failure to Report Receipts

The local failed to report dues receipts totaling at least \$3,047 in Item 38 (Dues). In addition, the did not report the correct amount of interest received by the organization in Item 41 (Interest & Dividends) and other receipts received in Item 43 (other Receipts). The total receipts listed in Item 44 (Total Receipts) is reported incorrectly.

2. Failure to Report Disbursements

The union failed to report cash disbursements, money which was actually paid out, on Statement B of the LM-3 Report. The total disbursements reported in Item 55 (Total Disbursements) is incorrect.

In addition, the union did not properly categorize disbursements in Item 48 (Office & Administrative Expenses), Item 51 (Contributions, Gifts, & Grants), and Item 54 (Other Disbursements). For example, the union reported \$5,399 in Item 51 for contributions and gifts; however it appears that the union erroneously included other disbursements such as social activities in this item.

3. Cash Reconciliation

It appears that the beginning and ending cash figures reported in Item 25 (Cash) are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 1114 must file an amended Form LM-3 for fiscal year ending September 30, 2008 to correct the deficient items discussed above. I provided you instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 31, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issue

Signing Blank Checks

During the audit, President Tom Marino advised that he signs blank checks. Your union's bylaws require that all checks be co-signed by the president. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement.

OLMS recommends that Local 1114 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 1114 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: Thomas Marino, President
15 Anthony Drive
Seneca Falls, NY 13148