



June 20, 2011

Ms. Barbara Kirk, President
CWA Local 1290
53 Frye Street
Marlboro, MA 01752

Case Number: [REDACTED]
LM Number: 006-096

Dear Ms. Kirk:

This office has recently completed an audit of CWA Local 1290 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 Secretary Treasurer Richard Halbrook on June 9, 2011, 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 1290's records for the fiscal year ended September 30, 2010 revealed the following recordkeeping violations:

1. General Expenses and Reimbursed Expenses

Local 1290 did not retain adequate documentation for general union expenses and reimbursed expenses incurred by union officers totaling at least \$1,844.11. For example,

Local 1290 failed to maintain sufficiently descriptive vouchers for reimbursed mileage expenses paid to officers.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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. Lack of Salary Authorization

Local 1290 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. During the opening interview, both Ms. Kirk and Mr. Halbrook told OLMS that salaries were paid in accordance with past practice. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

3. Information not Recorded in Meeting Minutes

During the audit, Ms. Kirk advised OLMS that local's executive board discussed changes in the salary of officers at an August 2010 meeting; however, Local 1290 maintained no minutes of that meeting. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on Secretary-Treasurer Halbrook's assurance that Local 1290 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 (Form LM-3) filed by Local 1290 for the fiscal year ended September 30, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 1290 did not include some reimbursements to officers totaling at least \$4,403.71 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).

Furthermore, Local 1290 did not report the names of some officers, specifically its vice president and five area representatives, and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must

report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 1290 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. Fixed Assets

During the audit year, Local 1290 purchased a netbook, which President Kirk uses for union business. The local failed to report the purchase of this computer in Item 52 (Purchase of Investments and Fixed Assets) and its value at the end of the reporting period in Item 29(B) (Fixed Assets). It appears that it was improperly reported in Item 54 (Other Disbursements). Instructions for the LM-3 indicate that the local should report the "book value at the start and end of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by your organization."

Local 1290 must file an amended Form LM-3 for the fiscal year ended September 30, 2010, to correct the deficient items discussed above. I provided Secretary-Treasurer Halbrook with a blank form and instructions, and advised him 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 Monday, July 25, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issue

Use of Signature Stamp and Single Signatory

During the audit, Secretary-Treasurer Halbrook advised that it is Local 1290's practice for Halbrook stamp his own signature on most union checks. The local does not have a two-signature requirement, and Halbrook indicated that only he reviews the checks before they are issued. OLMS recommends that Local 1290 review these procedures and consider discontinuing the use of the signature stamp. Adding a second signatory requirement would strengthen the internal controls governing the disbursement of union funds.

I want to extend my personal appreciation to CWA Local 1290 for the cooperation and courtesy

Ms. Barbara Kirk

June 28, 2011

Page 4 of 4

extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to your local are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Richard Halbrook, Secretary-Treasurer