



January 16, 2016

Mr. Keith Shockley, Secretary/Treasurer
Communications Workers of America (CWA)
Local 3402
P. O. Box 489
Alexandria, LA 71301

Case Number: 420-6000474
LM Number: 036716

Dear Mr. Shockley:

This office has recently completed an audit of Communications Workers of America (CWA) Local 3402 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 and President Dustin Barber on December 21, 2015, 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 3402's fiscal year 2013 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses and Disbursements

Local 3402 did not retain adequate documentation for at least one reimbursed expense incurred by a union officer or employee and at least one electronic disbursement from the local's checking account totaling at least \$215.78. For example, a voucher is required to be filed in order for an officer or employee to be reimbursed for mileage when using their personal vehicle to travel to union-related training classes. Payment receipts or invoices must also be kept for all disbursements including re-ordering union checks.

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. Lost Wages

Local 3402 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees. 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 3402 maintained lost wage vouchers for all instances of lost wage reimbursements, and most of the vouchers included the date wages were lost, the gross amount paid for that date, the deductions withheld, the net amount paid, and a detailed description of the union business conducted or the meeting/training attended. However, none of the vouchers identified the number of hours lost each day or the hourly rate of pay; and at least two lost wage vouchers did not identify the date lost wages were incurred.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 3402 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 3402 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 3402 for the fiscal year ended September 30, 2013, was deficient in that some receipts and disbursements were reported under the wrong item number, including but not limited to Items 41, 42, 43, and 54. The Form LM-3 was also deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figure reported in Item 25A (Cash at Start of Reporting Period) is not the figure according to Local 3402'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.

2. Disbursements to Officers and Employees

Local 3402 misreported some reimbursements to officers in Item 24 (All Officers and Disbursements to Officers), in that amounts in column D (Gross Salary) and column E (Allowances and other Disbursements) do not coincide with payments to officers, as recorded in the union's books and shown on bank statements. The union also did not report lost time paid to individuals other than officers in Item 46 (To Employees).

The union must report most direct disbursements to Local 3402 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). Additionally, Item 46 should include disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them.

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 3402 amended its constitution and bylaws in 2006 and 2014, but did not file a copy with its LM reports for those years.

As agreed, Local 3402 will file a copy of its current constitution and bylaws with OLMS, as soon as possible, but not later than February 5, 2016.

Local 3402 must file amended Form LM-3s for the fiscal years ended September 30, 2013 and September 30, 2014, to correct the deficient items discussed above. I encourage Local 3402 to complete, sign, and file its reports electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3s (2013 and 2014) should be filed electronically no later than February 5, 2016. Before filing, review the reports thoroughly to be sure they are complete, accurate, and signed by both officers (president and secretary treasurer).

Mr. Keith Shockley

January 6, 2016

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I want to extend my personal appreciation to CWA Local 3402 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,



Investigator

cc: Mr. Dustin Barber, President