

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 4603's 2005 records revealed the following recordkeeping violations:

1) Payments to Officers

Union officers failed to maintain adequate documentation for reimbursed expenses and expenses charged to union credit cards. 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 be recorded.

Check ~~_____~~ (\$341.11) to Holly Sherard failed to identify the union business that was conducted.

Vice President Courchane submitted receipts totaling \$475.71 for meal expenses he incurred with the union credit card which failed to identify the names of those present for the expense. Vice President Avery submitted a receipt for a \$36.25 meal expense that also failed to identify the names of those present for the expense.

Additionally, Vice President Courchane incurred two expenses totaling \$222.46 at the Concourse Hotel in Madison, WI on 5/16/05 for which no supporting documentation could be found. Hotels invoices provided by several other officers did not appear to be originals.

2) Receipt Records

Local 4603 failed to record some employer dues check-off checks, some interest check payments from the bank, and several direct deposit amounts received from the National Union (NU). Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

Although these amounts were not recorded in the local's books, they were deposited into the bank and reported as receipts of income on the CPA's monthly report.

Local 4603 failed to specifically identify the purpose of several receipts of cash received in the union office. Many of the receipts recorded in the "miscellaneous" section of receipt worksheet did not include additional information that identified the purpose of the receipt.

3) Lost Time Payments

Some vouchers submitted by union personnel for lost wages do not identify the rate of pay. 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.

4) Disposition of Property

Local 4603 failed to retain an inventory of shirts, jackets and other property which were purchased and sold or given away. Records must be retained which account for all union property. In the case of union shirts, jackets, and other items sold to members, the date and amount received from every sale must be recorded in at least one record. In the case of items given away, records must be retained that account for the number of items given away and identify the recipient of the items.

As agreed, provided that Local 4603 maintains adequate documentation as discussed above 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), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-2) filed by Local 4603 for fiscal year ending September 30, 2005, was deficient in the following area: Item 15 (Acquire any goods or property in any manner other than by purchase or dispose of any goods or property in any manner other than by sale) should have been answered "Yes" because the union gave away tee shirts, golf shirts, calendars, pencils, new member kits, and briefcases throughout the year. Local 4603 also gave away door prizes of various dollar amounts to members and children (at the annual Christmas party and picnic). The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor of such property.

In the case of union shirts and other items distributed to a large number of members, the names of all members receiving such items need not be reported in the additional information section. Instead, the union may simply identify the type and value of property given away and identify the number of members that received each type of item. If the items given away were distributed to a specific section of the union's membership, it would be appropriate to also include that information (i.e. new members, members volunteering at events, etc).

I am not requiring that Local 4603 file an amended LM-2 report for 2005 to correct the deficient item, but as agreed, Local 4603 will properly report the deficient item on all future reports filed with this agency.

Other Issues

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 4603's officers and employees are currently bonded for \$100,000, but must be bonded for at least \$162,000. Adequate bonding coverage was obtained and documentation provided during the audit. No further enforcement action will be taken.

Recordkeeping Suggestions


- 1) During the audit, you advised that it is Local 4603's practice for Shelly Rivard to stamp your signature and the signature of Secretary Treasurer Wunder on union checks. You indicated that there are occasions when no one reviews the checks and the supporting documents before the checks are issued. The dual signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document. However, the use of signature stamps does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of a signatory requirement. You may want to revise this aspect of your check disbursement procedures.
- 2) During the opening interview, you and Secretary Treasurer Wunder stated that no one other than Shelly Rivard regularly reviews the charges incurred on the union credit cards. As an internal financial control, I recommend that someone other than Ms. Rivard and the officers who incur credit card expenses review the credit card

statements and disbursement documentation. This responsibility might be assigned to the committee members who perform the annual review of the books.

- 3) Local 4603 uses Peachtree software as the bookkeeping system for its check disbursements but does not record any auto debits or receipts in the system. Because Local 4603 does not record all of these transactions, there is no way to identify the current balance of the checking account at any given time. I recommend recording all transactions in Peachtree.
- 4) During the opening interview, you explained that Ms. Rivard occasionally collects cash in the office for dues, tee shirts, and other miscellaneous items, but she does not issue a duplicate receipt for the money she collects. As a method of strengthening financial safeguards, I suggest that Local 4603 adopt a policy that requires a written receipt be issued for money paid to the local, whether by cash or by check, especially for the purchase of tee shirts and other logo items, and to maintain a duplicate of the receipt in Local 4603's records. Pre-numbered duplicate receipt books are widely available at nominal cost.

I want to extend my personal appreciation to Communication Workers Local 4603 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Christine Wunder, Treasurer
James Courchane, Executive Vice President
Christian Stapefeldt, Vice President
Diane Fischer, Chief Steward
Carrie Murphy, Chief Steward
LM 058-898