



September 17, 2012

Mr. David Belscher, Financial Secretary
Communication Workers, AFL-CIO
Local Union 81384
90 Wanda
Cheektowaga, NY 14211

Case Number: [REDACTED]
LM Number: 506-879

Dear Mr. Belscher:

This office has recently completed an audit of Communication Worker (CWA) Local 81384, 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 Pat Pumm and you on September 13, 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 81384's 2011 records revealed the following recordkeeping violations:

1. Lost Wages

Local 81384 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$511. 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 81384 completed a voucher for the loss, however did not identify the date of the loss or the rate of pay. In addition, the officers did not identify on the lost wage vouchers the union business conducted.

The compliance tip sheet, *Lost Time Payments*, provided to you, contained a sample of an expense voucher that Local 81384 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.

2. General Reimbursed Meal Expenses

Unions 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.

Although Local 81384 maintained itemized receipts for meal expenses, the record did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, former President [REDACTED] was reimbursed \$72.03 for a meal at Charlie O'Brien's Restaurant for the union contract however no additional details or names were included. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Failure to Record Receipts

Local 81384 did not record in its records some dues received by the International nor did the local union properly record receipts throughout the period. For example, the union failed to record deposits made to the union's account in December 2011 totaling \$10,845.51. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 81384 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 81384 for the fiscal year ending December 31, 2011, was deficient in the following areas:

1. Disbursements to Officers

Local 81384 did not properly report payments to officers in Item 24 (All Officers and Disbursements to Officers). The union erroneously reported non wage payments in Column D (Gross Salary).

The union must report most direct disbursements to Local 81384 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. Cash Reconciliation; Receipts and Disbursements

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 81384'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.

The OLMS audit found that the union's beginning balance was reported incorrectly, presumably from an erroneous error on previous reports. Therefore, the ending year's balance and reconciliation was affected. The union should report the books reconciled balance in the union's accounts as shown on the bank statements. If there is a discrepancy with the previous years' report balance, an explanation should be provided in Item 56 (Additional Information).

Furthermore, the union reported receipts and disbursements which were not actually received or disbursed during the period. The union should report in Item 38 (Dues) the total dues received by the organization. If a parent body received the dues from an employer on behalf of the union, do not report in Item 38 the portion that was retained by the parent body for per capita tax. Similarly, do not report in Item 47 (Per Capita Tax) the amount retained from the total dues by the parent body.

Local 81384 must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient items discussed above. I encourage Local 81384 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than October 15, 2012 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to CWA Local 81384 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. Pat Pumm, President