



October 31, 2012

Mr. David R. Armer, President
Communications Workers, AFL-CIO
Local Union 81408
PO Box 511
Geneva, NY 14456-0511

Case Number: [REDACTED]
LM Number: 034227

Dear Mr. Armer:

This office has recently completed an audit of Communications Workers, Local Union 81408 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 on October 25, 2012, 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 81408's 2010/2011 records revealed the following recordkeeping violations:

Lack of Expense Authorization

Local 81408 did not maintain records to verify that the payments reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current expenses authorized by the entity. This is particularly true for recurring mileage expenses paid to Mary Dado, Vice President. I am including a copy of the OLMS Compliance Tips "Authorization and Documentation of Expenditures" and "Reimbursed Travel Expense Payments" which address this matter.

Based on your assurance that Local 81408 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Other Violation

Late Filing

The Labor-Management Reporting and Disclosure Act of 1959 (LMRDA) requires labor organizations to file an annual financial report. This report is due within 90 days after the end of the union's fiscal year. Local 81408's fiscal year ended on September 30, 2011. The financial report was due by December 30, 2011. Local 81408 filed its report for the fiscal year on May 14, 2012, well after the due date.

Based on your assurance that Local 81408 will timely file their annual financial reports in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Use of Signature Stamp

During the audit, Dave Armer and Mary Dado advised that occasionally Local 81408 signs union checks and stamps the signature of the other signator because of geographical separation. Article XVI of Local 81408's bylaws requires that checks be signed by the president and financial officer. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 81408 review these procedures to improve internal control of union fund.

I want to extend my personal appreciation to Communications Workers, Local 81408 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Ms. Mary F. Dado, Vice President
Ms. Sue Cowart, Secretary-Treasurer