



June 21, 2011

Ms. Kathleen Glazer, President
Communications Workers Local 84846
14940 Arrowhead Lane
New Berlin, WI 53151

Case Number: [REDACTED]
LM Number: 069379

Dear Ms. Glazer:

This office has recently completed an audit of Communications Workers Local 84846 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 Treasurer Adam Fogel on June 20, 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 84846's 2010 records revealed the following recordkeeping violations:

1. Debit Card Expenses

Local 84846 did not retain adequate documentation for debit card expenses incurred by officers totaling at least \$600. For example, you purchased airfare for you and Secretary Shane Seeker for the Communications Workers National Convention in July 2010. Local

84846 retained the bank statement showing the debit charges incurred, but no other records were retained in support of the airfare expense. Bank statements alone are not sufficient to fulfill the recordkeeping requirements for travel-related expenses. In the case of airfare expenses, records must be retained which identify the names of the travelers, the locations traveled to and from, the name of the airline carrier, the business purpose of the travel, and detailed information showing the total cost for each traveler.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local 84846 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$900. Records must be maintained 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 audit found that Local 84846 maintained vouchers identifying each date lost wages were incurred, the number of hours lost on each date, and the applicable rate of pay. However, Local 84846 failed to retain records identifying the union business conducted. During the exit interview, I provided the compliance tip, *Union Lost Time Payments*, which identifies the type of information and documentation that the local must maintain for lost wages.

Based on your assurance that Local 84846 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 84846 for the fiscal year ended September 30, 2010, was deficient in the following areas:

1. Election Date

Local 84846 reported an incorrect election date in Item 22 (Next Regular Election). The report indicates that the next election will be held in December 2012. However, you confirmed that this date is incorrect and Local 84846's next regularly scheduled election in December 2011.

2. Disbursements to Officers

Comparison of disbursements to officers as reflected in the general ledger to the amounts reported by Local 84846 in Item 24 (All Officers and Disbursements to Officers) revealed disbursements for lost wage reimbursements to officers were erroneously reported in Column E of Item 24 (Allowances). The LM-3 instructions for Item 24 state that disbursements for "lost time" or time devoted to union activities must be reported in Column D (Gross Salary).

For example, the general ledger shows that you received \$450 in gross salary and \$511 in lost wages; however \$751 was reported in Column D and \$511 was reported in Column E. The total amount of the "lost time" payments to all officers that were misreported appear to be approximately \$1,500.

In addition, Local 84846 did not include reimbursements to officers for expenses totaling at least \$1,100 in the amounts reported in Column E of Item 24. Local 84846's general ledger indicates that at least five officers received expense payments totaling \$1,100. During the exit interview, you advised that only salaries and lost wages were included in the amounts reported in Item 24, and that reimbursed expenses were likely erroneously reported in Item 48 (Office & Administration Expense) and Item 54 (Other Disbursements).

Most direct disbursements to Local 84846 officers and some indirect disbursements made on behalf of its officers must be reported 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).

3. Statement A (Cash Balances)

Local 84846 incorrectly underreported the cash balance at the end of the reporting period in Item 25 (Cash). Local 84846's monthly treasurer financial reports (there were no balances recorded in the general ledger) show that its cash balance as of October 1, 2009 was \$17,133. Local 84846 failed to maintain a record reflecting the cash balance as of September 30, 2010. During the exit interview, I showed you records reflecting that the union's cash balance according to bank statements, when adjusted for outstanding checks at the end of the year, was \$17,492, but only \$11,493 is reported in Item 25B (Cash – End of the Reporting Period). 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.

You advised that Local 84846 forgot to include the ending cash balance of the checking account in its ending cash balance reported in Item 25 (B).

4. Statement B (Receipts & Disbursements)

Local 84846 misreported its total receipts by at least \$1,381 and misreported its total disbursements by at least \$1,726. Local 84846's general ledger shows \$10,923 was received during 2010. However, the amount reported in Item 44 (Total Receipts) is \$12,304. In addition, the check register shows \$10,564 was disbursed during 2010, but the amount reported in Item 55 (Total Disbursements) is only \$8,838. You advised that these were the result of unintentional errors.

5. Cash Reconciliation

Local 84846's reported cash figures for the reporting period do not balance (reconcile). Specifically, the cash reported at the beginning of the year (\$17,133) plus the total receipts (\$12,304), minus the total disbursements (\$8,838) does not equal the amount you reported for cash at the end of the year (\$11,493). This can be seen in the following calculation:

Cash at the Beginning of Year (Item 25A):	\$17,133
Plus Total Receipts (Item 44):	+\$12,304
Minus Total Disbursements (Item 55) :	<u>-\$8,838</u>
Equals Cash at the End of Year (Item 25B):	\$20,599
Amount Reported:	<u>-\$11,493</u>
Difference:	<u>\$9,106</u>

As noted above, the audit revealed that the reported amounts for Statement A (Assets and Liabilities) and Statement B (Receipts and Disbursements) are not consistent with the amounts shown in the Local's records. If Local 84846 used the correct figures in its general ledger, the report will balance.

Local 84846 must file an amended Form LM-3 for fiscal year ending September 30, 2010, to correct the deficient items discussed above. The reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended report may also be filed electronically using the OLMS Electronic Forms System (EFS) which can be found on the OLMS website. EFS is a web-based system for completing, signing and submitting your LM reports. The amended Form LM-3 should be submitted to this office at the above address or filed electronically as soon as possible, but not later than July 15, 2011. Before filing any report, please review the report thoroughly to be sure it is complete and accurate. In addition, any paper reports must be signed properly with original signatures.

Other Issue

Two Signatures on Checks

Article VI (Duties of Officers), Sections 1 and 4 of Local 84846's bylaws, require that the president, vice president, or treasurer to sign union checks in conjunction with another officer. During the audit, you stated that only one signature is required on checks issued from Local 84846's checking account. You stated trustees usually review the voucher and check before the check is issued. 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. You advised that during the compliance audit Local 84846 reviewed its disbursements procedures and now requires two signatures on checks.

I want to extend my personal appreciation to Communications Workers Local 84846 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. Adam Flogel, Treasurer
Ms. Ann Hodges, Staff Representative
330-08697(05)