

U.S. Department of Labor

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September 5, 2008

Ms. Debra Brockman, Secretary
Communications Workers AFL-CIO
Local 86114
P.O. Box 2024
Washington, MO 63090

LM File Number 069-688
Case Number: [REDACTED]

Dear Ms. Brockman:

This office has recently completed an audit of Communications Workers Local 86114 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 August 28, 2008, 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 86114's 2007 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 86114 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

2. Lost Wages

Local 86114 did not retain adequate documentation for lost wage reimbursement payments to union officers, totaling at least \$1,039.19. The OLMS audit found that Local 86114 officers did not identify on the lost wage vouchers the date lost wages were incurred and the applicable rate of pay. 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.

3. General Expenses

Local 86114 did not retain adequate documentation for expenses incurred by union officers totaling at least \$777.73. For example, no documentation could be found in support of check numbers [REDACTED] and [REDACTED] to Four Seasons Florist; check numbers [REDACTED] and [REDACTED] to Hummingbird Club; and check number [REDACTED] to Wieman and Pues Insurance.

As previously 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. Based on your assurance that Local 86114 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 86114 for fiscal year ending September 30, 2007 was deficient in that Local 86114 did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 86114 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).

I am not requiring that Local 86114 file an amended LM report for 2007 to correct the deficient items, but Local 86114 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Single Signature on Checks

During the audit, you advised that it is Local 86114's practice to require that checks be signed only by the secretary. Article V, Section 2(E) of Local 86114's bylaws require that checks be signed by the president in conjunction with the vice president or secretary-treasurer. 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 only one signature does not attest to the authenticity of the completed check and negates the purpose of the two-signature requirement. OLMS recommends that Local 86114 review these procedures to improve internal control of union funds.

2. Lost Wages

The audit disclosed Pauwels payroll records did not coincide with a number of Local 86114's lost-time vouchers. Some claimants received lost wages although they did not lose time from work. You advised that it is Local 86114's practice to pay an officer or employee for the time they worked on union business regardless if they missed work. OLMS recommends that Local 86114's membership and executive board approve payments to officers or others for working on behalf of the union with no wages lost from the employer.

I want to extend my personal appreciation to Communications Workers Local 86114 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: President Steven Madden