



August 10, 2012

Mr. Bob Hull, President
Communications Workers AFL-CIO
Local Union 4319
705 Lime City Road
Rossford, OH 43460

Case Number: [REDACTED]
LM Number: 039338

Dear Mr. Hull:

This office has recently completed an audit of Communications Workers AFL-CIO 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 Vice President Erika White on July 12, 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 4319's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 4319 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$12,306.00 for postage, ink, Quick Book fees and monthly backups, Intuit, computer software, parking, airfare, lodging, and other miscellaneous expenses.

2. General Expenditures

Local 4319 did not maintain adequate documentation for general expenditures including monthly rent, Labor Day and Christmas party expenses, golf outing gift cards, door prizes, wages, and office supplies totaling at least \$37,800.00.

As 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.

3. Lost Wages

Local 4319 did not retain adequate documentation for lost wage reimbursement payments to union officers on at least 12 instances. 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 the vouchers included the above required information but did not provide the applicable rate of pay.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 4319 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.

Based on your assurance that Local 4319 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-2 filed by Local 4319 for the fiscal year ended September 30, 2011, was deficient in that:

1. Disbursements to Officers

Local 4319 did not include some reimbursements to Director Lyndell Gowing totaling at least \$1,200.00 in Schedule 11 (All Officers and Disbursements to Officers) for her authorized monthly cell phone allowance. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 4319 file an amended LM report for 2011 to correct the deficient item, but Local 4319 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 4319's officers and employees are currently bonded for \$50,000.00, but they must be bonded for at least \$82,415.00. Local 4319 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than August 31, 2012.

Other Issues

Expense Policy

Although there is a written expense reimbursement and payment policy, the audit revealed that the union does not always adhere to the structure outlined requiring purchases in excess of \$200.00 to be authorized before purchases are made.

The audit disclosed a purchase at Best Buy for \$1,278.80 by the secretary treasurer using his union credit card. No supporting receipt was available and the officers were unaware of the purchase.

The president and vice president agreed to be more stringent with purchases and follow their written guidelines concerning approval of expenses and payments in the future.

I want to extend my personal appreciation to Communications Workers AFL-CIO Local 4319 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 sender.

Senior Investigator