

U.S. Department of Labor
Cleveland District Office

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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MAY 10 2005

Theodore Shuler, Financial Secretary
Communication Workers, AFL-CIO
Local Union 84-727
P.O. Box 512
Cortland, Ohio 44410

Re:

Dear Mr. Shuler:

This office has recently completed an audit of IUE-CWA Local Union 84-727 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, as Amended (LMRDA). As discussed during the exit interview with you on April 22, 2005, the following problems were discussed 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.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report Form LM-3 filed by Local 84-727 for fiscal year ending 09/30/04 was deficient in the following areas:

- Local 84-727 erroneously reported disbursements to members who were not constitutional officers in item 24 of the LM 3 report for FYE 09/30/04.
- Local 84-727 failed to report interest earned from the union's checking account in item 41.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

Local 84-727 failed to retain adequate documentation for disbursements and reimbursed expenses. Specifically the local did not maintain proper documentation for the annual Christmas party held on 12/13/03, airline tickets for union travel, and donations. With respect to documentation retained in support of specific disbursements, the record retention requirement includes not only the retention of

original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 84-727's officers and employees were bonded for \$7,500, but should have been bonded for at least \$7,613.

On May 6, 2005, this office received an amended LM-3 report for 2004 with the above items corrected and proof of adequate bonding coverage in the amount of \$10,000. Therefore, no additional enforcement action will be taken regarding these violations.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

HCJ

, Investigator