



June 26, 2012

Mr. Sean Mcavoy, President  
Communication Workers, AFL-CIO  
Local Union 1111  
459 E. Church Street  
Elmira, NY 14901

Case Number: [REDACTED]  
LM Number: 070-449

Dear Mr. Mcavoy:

This office has recently completed an audit of Communication Workers, Local 1111 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 Secretary Treasurer Steven Brady, Bookkeeper [REDACTED] Executive Board Members Susan Price, Larry McCormick, [REDACTED] Vince DiRosa, Mike Wood, [REDACTED], and you on April 18, 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 1111's 2011 records revealed the following recordkeeping violations:

1. General Disbursements and Credit Card Expenses

Local 1111 did not retain adequate documentation for general disbursements and credit card expenses incurred by union officers totaling at least \$3,600. For example, the union did not retain a receipt from Staples for supplies purchased using the union's credit card totaling \$548.50. Also, there was no supporting receipt from Thirsty's for \$900 for the Binghamton holiday meeting or Crossroads Bar & Grill for \$396 for the Lansing meeting. Additional receipts were also not maintained for Wegman's Shoppers Club Business Account purchases totaling \$327.16.

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.

2. Meal Expenses

Local 1111 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,229. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1111 records of meal expenses on some occasions did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them for the majority of all reimbursed auto expenses. The union must maintain records which identify the date of each travel, locations traveled to and from that day, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Lost Wages

Local 1111 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees for the majority of claims. 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 Local 1111 failed to record on many vouchers the dates the loss of hours were incurred, and the individual's position or rate of pay. Furthermore, officers did not identify on the lost wage vouchers the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1111 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.

5. Lack of Stipend Authorization

Local 1111 did not maintain records to verify that the stipends reported in Schedules 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 stipend amount authorized by the entity or individual in the union with the authority to establish such amounts. These stipends can also be approved and included in the Local Bylaws.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1111's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local 1111 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Expense and Lost Time Policy

As I discussed during the exit interview with you, the audit revealed that Local 1111 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. In addition, the union does not

have a clear policy on lost wages reimbursements afforded to officers and employees. For example, the union does not have a clear policy on mileage and travel expenses officers and employees may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to CWA Local 1111 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,

[REDACTED]

Investigator

cc: Mr. Steven Brady, Secretary Treasurer  
[REDACTED], Bookkeeper