

U.S. Department of Labor

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May 27,2008

Mr. Stephen Huba, Financial Secretary
Communication Workers AFL-CIO
Local 81303
11 Anderson Drive
Albany, New York 12205

LM File Number 051-674
Case Number: [REDACTED]

Dear Mr. Huba:

This office has recently completed an audit of CWA Local 81303 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 President Al Broomhead on April 24, 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.

The CAP disclosed the following:

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 81303's 2006-2007 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 81303 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$240. 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 81303 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, general membership meetings held at Joe's Grill either lacked receipts or did not have adequately descriptive receipts.. 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.

2. Lost Wages

Local 81303 did not retain adequate documentation for lost wage reimbursement payments to all of the officers who claimed lost time totaling at least \$3,637.66. 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 81303 did not use any type of voucher. During the exit interview, we discussed how the union's employer deducts the lost time from the check off dues before remittance to the International. However, it was advised

that the union still maintain a voucher to verify the correct amount of lost time was deducted.

I will provide you a sample of an expense voucher Local 81303 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

3. Receipt and Deposit Dates not Recorded

Entries in Local 81303's general ledger reflect the date the union deposited money, but not the date money was received. In some instances, the dates listed were substantially different because of the union's practice of not depositing receipts on a regular basis. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 81303 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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:

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 81303 amended its constitution and bylaws in 1989, but did not file a copy with its LM report for that year.

Local 81303 has now filed a copy of its constitution and bylaws.

Other Issues

1. Signing Blank Checks

During the audit, you advised that President Al Broomhead signs blank checks. Your union's bylaws require that all checks be signed by the president and 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 81303 review these procedures to improve internal control of union funds.

2. Documentation in Meeting Minutes

As I discussed during the exit interview with you, on several occasions the union met at Joe's Grill for a general membership meeting but due to a lack of quorum a meeting was not held. The union should document that the lack of quorum prevented an official meeting from occurring but still record who attended the meeting.

3. Frequency of Deposits

To safeguard union funds, Local 81303's financial officer should make regular, frequent deposits of dues and other union funds to the union's bank account and identify each deposit with a specific set or time period of receipts in the union's receipts journal to make the relationship between receipts and bank deposits perfectly clear and easily verifiable.

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I want to extend my personal appreciation to CWA Local 81303 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 Al Broomhead