

U.S. Department of Labor

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September 10, 2008

Ms. Andrea Nartker, Secretary Treasurer
IUE CWA Local 84797
1675 Woodman Drive
Dayton, Oh 45432

LM File Number: 542-557
Case Number: [REDACTED]

Dear Ms. Nartker:

This office has recently completed an audit of IUE CWA Local 84797 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 Investigator [REDACTED] discussed during the exit interview with President James Tinch, Vice President/Recording Secretary Tonya Truran, and you on July 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.

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 84797's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 84797 did not retain supporting documentation and/or retained inadequate documentation for reimbursed expenses incurred by President Tinch, Vice President/Recording Secretary Truran and you totaling at least \$1,082.36. For example, President Tinch did not retain documentation for parking and mileage expenses incurred. Tinch provided inadequate documentation for a postage reimbursement in October 2006. Vice President/Recording Secretary Truran provided inadequate documentation regarding a computer purchase and repair. You failed to provide documentation for reimbursement check [REDACTED] and provided inadequate information for check [REDACTED].

Local 84797 retained inadequate documentation for credit card expenses totaling at least \$5,635.65. For example, you informed Investigator [REDACTED] that the charges appearing on the National City credit card statement dated December 2006 were for the Christmas Party. However, the receipts provided did not offer any explanation. The credit card statement for August 2007 contained multiple charges to the Fairmont Royal York in Toronto, Canada, but there was no explanation for the lodging expense.

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.

2. General Disbursements

Local 84797 did not retain supporting documentation for purchases or payments made during the 2007 audit year. For example, Local 84797 made a monthly payment of \$600.00 to CWA Local 84798 for rent. Local 84797 did not retain a copy of the lease agreement or obtain receipts from Local 84798 to support the disbursements. You ordered a labor law poster from Personal Concepts in late 2006 but did not retain the invoice to support the purchase.

It is Local 84797's responsibility to maintain proper documentation in the union records to support all disbursements.

3. General Records

Local 84797 failed to maintain records used to support the general course of union business. For example, Local 84797 did not maintain DMAX Limited union dues/initiation fees reports for October 2006 and June through September 2007. The union did not retain time receipts for eleven salary or lost time payments disbursed to officers and employees.

Local 84797 maintained incomplete records used to support the general course of union business. For example, expense vouchers submitted for reimbursement did not contain a reason for the expense or a signature signifying that the expense was approved for reimbursement. A few time receipts used to report salary and lost time did not contain the check number or the pay period for which the payment was being made. Several time vouchers did not contain an explanation describing the purpose for which the hours were worked.

According to Section 206 of the LMRDA, records must be maintained on the matters required to be reported which will provide in sufficient detail the necessary basic information and data from which the documents filed can be verified, explained and checked for accuracy and completeness.

4. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the executive board authorizes all travel expenses for the officers at the executive board meetings and the membership approves the expenses during the general membership meetings. Article XIII, Section 3 of Local 84797's Bylaws require that all financial arrangements necessary to insure that the business of the union functions orderly be authorized by the

executive board and approved by the membership. However, the minutes of the meetings do not contain any reference to those expenses. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 84797 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. The Labor Organization Annual Report (Form LM-3) filed by Local 84797 for fiscal year ending September 30, 2007, was deficient in that:

Disbursements to Officers

Local 84797 did not include some reimbursements to officers totaling at least \$500.00 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 84797 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 84797 file an amended LM report for 2007 to correct the deficient items, but Local 84797 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Use of Signature Stamp

During the audit, you advised Investigator _____ that it is Local 84797's practice for you and President Tinch to sign all union checks with a signature stamp. 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 a signature stamp for both signers does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 84797 review these procedures to improve internal control of union funds.

2. Check Signatures

During the audit, Investigator _____ scanned all cancelled checks and scanned check images provided by Local 84797 from National City Bank. Checks _____, and _____ were negotiated with only one signature. Your union requires that all checks be signed by two of the three following officers: the president, vice president or secretary treasurer. As noted above, the two signature requirement is an effective internal control for union funds and its purpose is to attest to the authenticity of a completed document already signed. However, disbursing checks with one signature does not attest to the authenticity of a completed check and negates the purpose of the two signature requirement. OLMS recommends that Local 84797 reconsider its practice of negotiating checks with one signature in order to improve its internal controls of union funds.

I want to extend my personal appreciation to IUE CWA Local 84797 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,

Lesta A. Chandler
District Director

cc: Mr. James Tinch, President