

U.S. Department of Labor

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Office of Labor-Management Standards
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March 17, 2008

Mr. Greg Schafer, President
Communications Workers AFL-CIO
Local 86116
4314 South 40th
St. Joseph, MO 64503

LM File Number 071-087
Case Number: [REDACTED]

Dear Mr. Schafer:

This office has recently completed an audit of Communications Workers Local 86116 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 yourself and Financial Secretary-Treasurer Michelle Murray on March 5, 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 86116's 2007 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 86116 did not retain adequate documentation for expenses incurred on the local's credit card. Specifically, receipts for travel expenses charged to the local's credit card were not properly maintained. For example, any airfare purchased for a local member or officer's travel must have adequate documentation to verify its purchase; this would include a receipt issued upon purchase of airline tickets or a used boarding pass identifying the trip and passenger. Also, the local must maintain any original hotel invoices for stays paid for by the local.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union who are required to sign your union's LM report are responsible for properly maintaining union records.

2. General Recordkeeping

The computer software used by the local to write checks creates a check stub of every check written with specific payment information. Several of these check stubs were not maintained, this is a record that is necessary to verify, clarify, and explain payments which were made and reported on your local's LM report. As discussed in the exit interview, the local will maintain all check stubs in the future.

3. Information not Recorded in Meeting Minutes

During the audit, you advised me that the membership authorized the local to pay for the president's cell phone at a membership meeting in 2003. Although an entry was made in the meeting minutes that the issue was discussed, an actual vote for authorization was not recorded. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 86116 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 86116 for fiscal year ending September 30, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 86116 did not include payments to officers totaling \$601.97 in Schedule 11 (All Officers and Disbursements to Officers). Specifically, the union did not correctly identify payments made to Cingular Wireless on behalf of the president for his cell phone bill. It appears 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.

2. Failure to File Constitution and 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 86116 amended its constitution and bylaws in 2002, but did not file a copy with its LM report for that year. Local 86116 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 86116 file an amended LM report for 2007 to correct the deficient items, but Local 86116 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Communications Workers Local 86116 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: Michelle Murray, Financial Secretary-Treasurer