

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
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March 10, 2005

Edward Shell, President
Communication Workers AFL-CIO, LU 4675

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Re: 2

Dear Mr. Shell:

This office has recently completed an audit of Communication Workers AFL-CIO, Local 4675 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 Treasurer Bruckschen on March 9, 2005, 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.

Record Keeping Violations

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.

The following record keeping violations were revealed during the audit of Local 4675's 2004 records:

1. Payments to Officers

Some union officers failed to retain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded. The information retained must be sufficient to enable OLMS to verify the information concerning payments to officers and employees that is required to be reported on the Labor Organization Annual Report (Form LM-3) filed by your union.

In the case of Local 4675, officers occasionally failed to adequately describe the union business conducted that required the expense to be incurred. For example, check 10934 was issued to Vice President Aply for a hotel room, meals, and mileage related to a "meeting in Ft. Wayne, IN." The purpose of the meeting is not recorded and is unknown.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), 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.

2. Mileage Expenses

Union officers failed to retain adequate documentation for reimbursed mileage expenses. In the case of reimbursed mileage expenses for personal vehicles used for business travel, records must be maintained which identify the date of travel, locations traveled to and from, number of miles driven, and the business purpose of each use. Local 4675 officers occasionally failed to identify the locations traveled to and from on the expense vouchers prepared for mileage expenses.

3. Credit Card Expenses

Union officers failed to retain adequate documentation for some credit card expenses. As an example, adequate documentation was not retained for some airfare expenses. Local 4675 normally maintained the credit card statements which list the names of the passenger(s) who traveled; additional records must be retained that identify the union business conducted that required the expense be incurred.

As agreed, provided that Local 4675 maintain adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 4675 for fiscal year ending September 30, 2004 was deficient in the following areas:

1. Acquire/Dispose of Property

Local 4675 failed to correctly report whether they acquired any goods or property were in any manner other than by purchase or dispose of any goods or property in any manner other than by sale, which is Item 13 on the LM-3 form. Local 4675 should have been answered "Yes" instead of "No," because the

union gave away t-shirts and hats. The type and value of any property received or given away must be identified in the additional information section of the LM report with the identity of the recipient(s) or donor of such property. In addition, the union must retain records which adequately account for all property that is purchased, sold, and given away.

I am not requiring that Local 4675 file an amended LM-3 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

Other Issues

Failure to File Bylaws

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 4675 amended its constitution and bylaws between 1991 and 2004, but a copy of the constitution and bylaws was not filed with Local 4675's LM-3 report for that year. Two copies of Local 4675's constitution and bylaws have now been filed.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Mr. Bruckschen's successors at whatever time you may leave office.

Thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

cc: Thomas Bruckschen, Treasurer

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