

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
1111 Third Avenue, Suite 605
Seattle, WA 98101
(206) 398-8099 / FAX: (206) 398-8090



August 1, 2005

Russell Brower, Secretary-Treasurer
Communication Workers LU 7610
1525 Addison Avenue East, Suite A8
Twin Falls, Idaho 83301

Re: *CWA Local 7610*

Dear Mr. Brower:

This office has recently completed an audit of CWA Local 7610 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, as Amended (LMRDA). As discussed during the exit interview with you and Mr. Gabica on July 29, 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.

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 deficiencies were revealed during the audit of Local 7610's 2004 records:

1. Local 7610 failed to record in its records some individual receipts. These include dues receipts, interest earned on the union's savings account, and computer rebates. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.
2. Union officers failed to record the rate of pay for lost wages. In addition, some vouchers submitted by union officers for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must 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.

3. Union officers and employees failed to retain adequate documentation for reimbursed expenses and for expenses charged to personal credit cards, but paid by the union. Specifically, some receipts for meals, airline, and hotel reimbursements were missing, as well as the original credit card statements paid by the union. Other receipts did not contain all the necessary information. 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.

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.

As agreed, provided that Local 7610 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

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 7610 amended its constitution and bylaws in 1997, but a copy of the constitution and bylaws was not filed with Local 7610's LM-3 report for that year. Two copies of Local 7610's constitution and bylaws have now been filed.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 7610 for fiscal year ending September 30, 2004 failed to meet the standards of acceptability.

The following deficient items were identified:

1. Local 7610 erroneously reported its beginning and ending cash totals in Item 25. Checking account balances reported should be obtained from the organization's books as reconciled with the balances shown on the bank statements. The beginning and ending cash figures should include all cash on hand and on deposit, including all cash in checking and savings accounts.
2. Local 7610 erroneously reported indirect disbursements made to officers in Item 48 (office & administrative expenses), instead of next to the appropriate name in Item 24. If a personal credit card is used to charge approved union travel expenses and the union pays the credit card company

directly, it is considered an indirect disbursement to the officer who holds the card. The amounts paid to the credit card company should be reported in column E of Item 24.

3. Local 7610 also erroneously reported its dues receipts. Item 38 (dues) should include only the dues receipts received by your organization during the fiscal year being reported.

It will be necessary for Local 7610 to file amended LM-3 report for 2004 to correct the deficient items discussed above. The necessary reporting forms and instructions were provided during the exit interview. You may also use the new electronic forms software available from OLMS to complete the amended reports. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than 08/12/2005. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

During the audit, you were advised that authorization of the salary amounts paid to union officers could not be found in union records. I suggest that Local 7610 take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document.

You were also advised that checks had been written out of sequential order. I suggest that checks only be written in sequential order. In addition, there were several inaccurate entries in the union's books. Several checks were recorded with the wrong dates, and one check was recorded in the wrong amount (off by \$.05). You agreed to ensure that all future entries are accurate.

I want to extend my personal appreciation for your, as well as, your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,


Michael Duvall
District Director

cc: John Gabica, Local 7610 President