

**U.S. Department of Labor**

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September 29, 2008

Mr. James Suschinski, President  
Communications Workers AFL-CIO  
Local 1113  
26 Osborne Road  
Albany, NY 12205-3423

LM File Number 000-267

Case Number: [REDACTED]

Dear Mr. Suschinski:

This office has recently completed an audit of Communications Workers Local 1113 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, Council A Vice President John Robinson, Council B Vice President Sheila Burke, Secretary Treasurer Sheila Carr, and Accountant Mary O'Connor on September 25, 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 1113's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1113 did not retain adequate documentation for general expenses and credit card expenses incurred by union officers and employees totaling at least \$1,205.54. For example, documentation was not retained for disbursements made to the Watervliet Elks Lodge for meeting hall rental. Also, no original receipts or invoices were retained for some credit card expenses incurred by the Executive Committee members at The Resorts in Atlantic City during a leadership conference.

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. Meal Expenses

Local 1113 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$161.58. 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 1113 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, there were no notations made on some restaurant receipts from the Inferno Restaurant. 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.

3. Lost Wages

Local 1113 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$4,936.39. 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 1113 officers did not identify the date lost wages were incurred, the rate of pay, or a description of the union business being conducted on some lost wage vouchers.

During the exit interview, we reviewed the expense voucher used by Local 1113. We discussed the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Disposition of Gifts Purchased

Local 1113 purchased McDonald's gift cards in August 2007. The union retained no records regarding the distribution of these gift cards totaling at least \$100. The union must track the distribution of give-away items and prizes; including cash, gift cards, and raffle items.

5. Lack of Salary Authorization

Local 1113 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were in the authorized amounts and therefore correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 1113 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 1113 for fiscal year ending September 30, 2007, was deficient in that:

Local 1113 did not include some reimbursements to officers totaling at least \$360.41 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported payments to Verizon on behalf of James Suschinski in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 1113 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 1113 file an amended LM report for 2007 to correct the deficient items, but Local 1113 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### 1. Expense Policy

As I discussed during the exit interview, the audit revealed that Local 1113 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Approval of Vouchers

During the audit, you advised that the president and secretary treasurer or other union officers sign all vouchers for approval of disbursements. The two signature requirement is an effective internal control of union funds. However, some of Local 1113's vouchers were signed by the second officer several weeks after the disbursement was already made. This negates the purpose of the two signature requirement. OLMS recommends that all vouchers are reviewed and signed in a timely manner prior to the disbursement of union funds

I want to extend my personal appreciation to Communications Workers Local 1113 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: Sheila Carr, Secretary Treasurer  
John Robinson, Council A Vice President  
Sheila Burke, Council B Vice President  
Mary O'Connor, Accountant