

**U.S. Department of Labor**

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January 20, 2010

Larry Miklos, Treasurer  
Communication Workers, AFL-CIO  
Local Union 1115  
17 West Main Street  
Springville, NY 14141

LM File Number: 055-885

Case Number: [REDACTED]

Dear Mr. Miklos:

This office has recently completed an audit of Communication Workers Local 1115 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 President Michael D'Agostino and you on January 15, 2010, 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 Communication Workers Local 1115 records for fiscal year ending September 30, 2009 revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1115 did not retain adequate documentation for reimbursed expenses incurred by officers and employees totaling at least \$689. For example, the union did not maintain sufficient documentation for hotel reimbursements to Vice President Thomas Oakley for the CWA Convention in Washington, D.C.

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 1115 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$526. 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.

Union records of meal expenses must include not only the itemized receipt but also written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

3. Lost Wages

Local Union 1115 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees on most occasions. 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 although Local 1115 retained individual lost time vouchers summarizing the total number of hours and the gross amount, for some lost wage reimbursements, the vouchers did not identify adequately the union business conducted. For example, the vouchers noted "board meeting" as a reason for a lost time reimbursement of eight hours. Overly general descriptions such as this are not adequate.

#### 4. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them during fiscal year 2009. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

A review of CWA Local 1115's determined that starting and ending locations for mileage were not included on the voucher submitted for reimbursement.

Based on your assurance that the union 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-3) filed by Communication Workers Local 1115 for fiscal year ending September 30, 2009 was deficient in the following areas:

##### 1. Disbursements to Officers

Local 1115 did not include some reimbursements to officers totaling at least \$6,086 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

In addition, the union did not include advances paid to officers totaling \$1,250 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The full amount of advances paid to officers should be reported next to the officers' name in Item 24. Additionally, any repayment of advances not used should be reported in Item 43 (Other Receipts).

The union must report most direct disbursements to Local 1115 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).

## 2. Contributions, Gifts, and Grants Disbursements

Local 1115 failed to report the total disbursements for contributions, gifts, and grants made by the organization in Item 51 (Contributions, Gifts & Grants). During the period, the union made at least \$2,200 in contributions and donations, however only \$1,000 was reported. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

## 3. Benefits Disbursements

Local 1115 reported in Item 50 (Benefits) disbursements totaling \$6,535 paid by the organization for direct and indirect benefits. Direct benefit disbursements are those made to officers, employees, members, and beneficiaries. Indirect benefit disbursements are those made from the union's funds to a separate and independent entity, such as a trust or insurance company, which in turn, will pay benefits to the covered individuals. During the period, Local 1115 did not make direct or indirect benefit disbursements from the organization's funds as explained above. It appears disbursements such as payments to officers or contributions, gifts, or grants were erroneously reported in Item 50 (Benefits).

## 4. Purchase of Fixed Assets

During the period, the union purchased computers for the union and associated software totaling \$1,448.49. This payment was reported incorrectly in Item 48 (Office and Administrative Expense). Rather, this purchase should be reported in Item 52 (Purchase of Investments and Fixed Assets) and corresponding entries made to Item 29 (Fixed Assets), as applicable.

Local 1115 must file an amended Form LM-3 for fiscal year ending September 30, 2009, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 16, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to CWA Local 1115 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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,

[REDACTED]

Investigator

cc: Michael D'Agostino, President  
CWA Local 1115

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