

U.S. Department of Labor

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May 29, 2009

Mr. Jeremy Burton, Treasurer
Communications Workers AFL-CIO
Local 38177
212 N. Blakely St., 2nd Floor
Dunmore, PA 18512

LM File Number 017-074
Case Number: [REDACTED]

Dear Mr. Burton:

This office has recently completed an audit of CWA Local 38-177 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 Borys Krawczeniuk and you on May 22, 2009, 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 fund, 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 included not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union

business requiring the disbursements, 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 38-177's 2007 records revealed the following recordkeeping violations:

1. Failure to Keep Records

The audit also disclosed a violation of LMRDA Section 206 in that Local 38-177 did not 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 rule, labor organizations must maintain all records used or received in the course of union business. Specifically, Local 38-177 failed to maintain a record of all disbursements made during the fiscal year ending September 30, 2006. This included but was not limited to disbursement checks numbers, [REDACTED].

Local 38-177 obtained copies of these checks during the audit.

2. Lack of Salary (Stipend) Authorization

Local 38-177 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary (stipend) authorized by the entity or individual in the union with the authority to establish salaries (stipends).

Based on your assurance that Local 38-177 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 the 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 38-177 for fiscal years ending September 30, 2007 and September 30, 2008 were deficient in the following area:

1. Cash reconciliation

It appears that the cash figures reported in Item 25 of the Form LM-3 reports for fiscal years ending September 30, 2007 and September 30, 2008 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 38-177 agreed to file an amended Form LM-2 for fiscal years ending September 30, 2007 and September 30, 2008 to correct this deficiency. I discussed with you the availability of the reporting forms and instructions on the OLMS website (www.olms.dol.gov). The amended Form LM-3 reports should be submitted through the OLMS website as soon as possible, but no later than June 30, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

2. Failure to File - Union

Local 38-177's Form LM-3 for fiscal years ending September 30, 2007 and September 30, 2008 were delinquent in that they were not filed within the 90 days after the end of your organization's fiscal year.

Local 38-177 will file its future annual financial reports Form LM-3 within the 90 days after the end of its fiscal year.

I want to extend my personal appreciation to CWA Local 38-177 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,



Mr. Jeremy Burton
May 29, 2009
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Investigator

cc: Borys Krawczeniuk, President