



September 8, 2011

Mr. Gregory Carpenter, Treasurer  
Communications Workers, LU 4385  
P.O. Box 444  
Dover, OH 44622

Case Number: [REDACTED]  
LM Number: 048685

Dear Mr. Carpenter:

This office has recently completed an audit of Communications Workers, LU 4385 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 on May 12, 2011, 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.

#### Reporting 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 4385's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 4385 did not retain adequate documentation for reimbursed expenses incurred by the president, vice president and treasurer totaling at least \$972. For example, LU 4385 did not maintain all supporting documentation for officers' travel expenses and salaries. However, on some instances, there was a voucher but no supporting documentation.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meeting Minutes not Maintained

During the audit, Treasurer Carpenter advised OLMS that meeting minutes were maintained by the former Recording Secretary [REDACTED] until she retired from the employer during the fiscal year. He was unable to contact her during the course of the audit.

Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 4385 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 Local 4385 for the fiscal year ended September 30, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 4385 did not include some reimbursements to officers totaling at least \$1,648 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 4385 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 4385'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 4385 must file an amended Form LM-3 for the fiscal year ended September 30, 2010 to correct the deficient items discussed above. I provided you with a blank form and instructions, and 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 September 30, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Issues

#### Signing Blank Checks

During the audit, you advised that you, President Robert Yonley and Vice President Brian Logan signs blank checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 4385 review these procedures to improve internal control of union funds.

### Recommendations

LU 4385 receives the check images along with the bank statement from the union's bank. The union has online banking that they can retrieve documents and conduct transactions. It is recommended that the union print and maintain copies of the front and back of union checks, monthly.

Mr. Gregory Carpenter

September 20, 2011

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I want to extend my personal appreciation to Communications Workers, LU 4385 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Mr. Robert Yonley, President