



September 7, 2012

Mr. Ronnie Gray, President  
Communications Workers Local 6228  
[REDACTED]

Case Number: [REDACTED]  
LM Number: 505255

Dear Mr. Gray:

This office has recently completed an audit of Communications Workers Local 6228 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 August 24, 2012, 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 6228's 2011 records revealed the following recordkeeping violations:

1. Bank Records

Local 6228 failed to maintain all bank checking account statements and cancelled check images for the last five years. As stated above, labor organizations must retain all records used or received in the course of union business, including bank records for all accounts. Please consult the OLMS Fact Sheet *LMRDA Recordkeeping Requirements for Unions* that I provided during the exit interview for further guidance on this matter.

2. Lack of Authorization for President's Salary

Local 6228 did not maintain records to verify that the \$800 monthly salary paid to you during the audit year that was reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. During the audit, the union was unable to provide documentation to support the salary amount.

The union must keep a record, such as meeting minutes or a written policy, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries. The OLMS Compliance Tip *Authorization of Salary and Paid Leave for Union Officials* that I provided during the exit interview will provide further guidance on this matter.

### 3. Lack of Authorization for Officers' Expenses

Local 6228 did not maintain records to verify that the \$162.50 monthly expense allowance paid to Secretary Treasurer Louis Blanchard and the \$25 or \$40 per diem and mileage reimbursement for business use of your personal vehicle that was paid to you during the audit year were the correct authorized amounts. During the audit, the union was unable to provide documentation to support the expense amounts.

The union must keep a record, such as meeting minutes or a written policy, to show the current expenses authorized by the entity or individual in the union with the authority to establish expenses. The OLMS Compliance Tips *Reimbursed Travel Expense Payments and Authorization and Documentation of Expenditures* that I provided during the exit interview will provide further guidance on this matter.

During the exit interview, you agreed to maintain all financial records for at least five years. A standing policy for recurring operating expenditures, union officer salaries, and reimbursed expenses will be properly authorized at Local 6228's next executive board and general membership meetings in October 2012 and adequate documentation of said authorization will be provided to OLMS.

Based on your assurance that Local 6228 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 6228 for the fiscal year ended September 30, 2011, was deficient in the following areas:

1. Disbursements to Officers

Local 6228 did not report the names of the executive board members Al Medina, John Hanks, and Will Wilcox in Item 24 (All Officers and Disbursements to Officers) for the fiscal year ended September 30, 2011. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 6228 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

The reported cash figures do not balance (reconcile). Specifically, cash at the start of the year (Item 25(A)) plus total receipts (Item 44) minus total disbursements (Item 55) does not equal cash at the end of the reporting period (Item 25(B)). The figures for these items on the report do not agree with the corresponding figures in the union's books and records. The checking account balances reported should be obtained from your organization's books as reconciled with the balances shown on bank statements.

I am not requiring that Local 6228 file an amended LM report for 2011 to correct the deficient items, but Local 6228 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Communications Workers Local 6228 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: Mr. Louis Blanchard, Secretary-Treasurer