

**U.S. Department of Labor**

Employment Standards Administration  
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March 5, 2009

Ms. Carolyn Bailey, Treasurer  
Communication Workers AFL-CIO  
Local 6407  
931 Hemlock  
Ottawa, KS 66067

LM File Number 039-616  
Case Number: [REDACTED]

Dear Ms. Bailey:

This office has recently completed an audit of CWA Local 6407 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 February 26, 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 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 6407's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 6407 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$602.89. For example, the local paid \$237.50 for the vice president's airline ticket to a conference, but failed to retain a receipt for the ticket purchase.

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. Failure to Record Receipts

Local 6407 did not record in its receipt records some employer dues check-off checks totaling at least \$723.11. Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 6407 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 6407 for fiscal year ending September 30, 2008 was deficient in the following area:

1. Disbursements to Officers

Local 6407 did not include some reimbursements to the president totaling at least \$364.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 6407 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. Failure to Properly Report Receipts and Disbursements

The audit revealed that the local was reporting both receipts and disbursements on the LM-3 improperly based on the activity reflected per the bank statement dates which fell in mid-month. As discussed during the exit interview, only monies received and disbursements made during the audited fiscal year of October 1, 2007 through September 30, 2008 are reportable on the LM-3.

Local 6407 must file an amended Form LM-3 for fiscal year ending September 30, 2008, 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

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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 March 12, 2009. 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 6407 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: Rory Schaffer, President