

**U.S. Department of Labor**

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May 16, 2007

Mr. Thomas Bennett, Secretary-Treasurer  
Communications Workers AFL-CIO  
Local 81311  
101 Lynch Street  
Sayre, PA 18840

LM File Number 044-727

Case Number: [REDACTED]

Dear Mr. Bennett:

This office has recently completed an audit of CWA Local 81311 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 4, 2007, 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 81311's 2005 records revealed the following recordkeeping violations:

1. Lost Wages

Local 81311 did not retain adequate documentation for lost wage reimbursement payments to union officers. 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 Local 81311 maintained lost wage vouchers; however, officers did not identify their rate of pay and the union business conducted on each lost wage voucher.

During the exit interview, I provided a sample of an expense voucher Local 81311 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Reimbursed Auto Expenses

You received mileage reimbursement for business use of your personal vehicle but did not retain adequate documentation to support payments to yourself. 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.

3. Lack of Salary Authorization

Local 81311 did not maintain records to verify that the salaries reported in Item 24 (All Officer 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 authorized by the entity or individual in the union with the authority to establish salaries.

4. Lack of Disbursement Documentation

Local 81311 did not retain adequate documentation for expenses incurred by the local totaling at least \$3,465. For example, on November 6, 2004, Local 81311 held its annual Christmas Party at Lib's Supper Club in Elmira, New York. Adequate backup documentation was not maintained for the party. A receipt or invoice should have been maintained showing the name of the restaurant, the date of the function, the purpose of the function, the number of members who attended, and a breakdown of costs for the party. During the course of the audit, a receipt was obtained by OLMS from Lib's Supper Club, and the expense was verified.

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.

5. Lack of Receipt Documentation

Union receipts 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. Local 81311 did not retain adequate documentation for money received by the local. For example, the local failed to maintain copies of dues check-off lists provided by the local's employer, the Hilliard Corporation. Records must be maintained that show each member's name, the pay period, and the amount of dues deducted by the employer from each paycheck.

Based on your assurance that Local 81311 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

**Reporting Violation**

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 81311 for fiscal year ending September 30, 2005, was deficient in that the local did not include all salary and lost time payments to you and President Neal Hakes totaling at least \$5,630 in Item 24 (All Officers and Disbursements to Officers). Payments to officers appear to have been erroneously reported in Columns D and E of Item 24.

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Column D should include the gross salary of each officer (before tax withholdings and other payroll deductions) and any disbursements for lost time or time devoted to union activities. Column E should include all other direct and indirect disbursements to each officer other than salary. Lost time payments to yourself and President Neal Hakes should be reported in Item 24, Column D of your 2005 LM-3 report. Additionally, you received \$1,800 total in allowance payments; however, only \$720 is reported next to your name in Item 24, Column E.

The union must report most direct disbursements to Local 81311 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).

Local 81311 must file an amended Form LM-3 for fiscal year ending September 30, 2005, 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 May 25, 2007. 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 81311 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

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cc: Neal Hakes, President