

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
1240 East Ninth Street
Room 831
Cleveland, OH 44199
(216)357-5455 Fax: (216)357-5425



December 8, 2009

Ms. Janet Bernard, Administrator
IUE-CWA
Local 84734
2828 Christine Lane
Youngstown, OH 44511-2019

LM File Number 028-795

Case Number: [REDACTED]

Dear Ms. Bernard:

This office has recently completed an audit of Communications Workers Local 84734 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 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 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 84734 records revealed the following recordkeeping violation:

Failure to Maintain Records

Local 84734 failed to maintain records for five years as required by Section 206 of the LMRDA. All records prior to 2006 were mistakenly disposed of.

Based on your assurance that Local 84734 will retain the remaining records for the required amount of time, 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 84734 for fiscal year ending September 30, 2008 was deficient in the following areas:

1. Total Reported Receipts and Disbursements

The audit disclosed that Local 84734 underreported its receipts and disbursements on the Form LM-3 by approximately \$3,500.00 each.

2. Fixed Assets

Local 84734 failed to report in Item 29, Fixed Assets, the value of its union hall and property in Youngstown, Ohio.

Local 84734 must file an amended Form LM-2 for fiscal year ending September 30, 2008, to correct the deficient items discussed above. A Form LM-2 must be filed due to the local being in trusteeship during the audit year. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The

amended Form LM-2 must be electronically filed as soon as possible, but not later than June 30, 2009. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Issues

Signing Blank Checks

During the audit, you advised that Local 84734 President Rita Bugzavich signs blank checks. The union's bylaws require that all checks be signed by the president and financial secretary. 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 84734 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Communications Workers Local 84734 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: Rita Bugzavich, Local 84734 President