



June 11, 2013

Ms. Deb Wiesemeyer, Secretary-Treasurer  
Communications Workers Local 84840

Case Number: 550-11707( )  
LM Number: 032335

Dear Ms. Wiesemeyer:

This office has recently completed an audit of Communications Workers Local 84840 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 June 10, 2013, 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 84840's 2010, 2011, and 2012 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 84840 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, \$825.77 was used to pay for meals for negotiations/contract meetings in May and June 2012. A majority of the receipts retained for these meals did not include the reason for the meal or the names of the persons incurring the charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. The records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Also, the union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

2. Lost Wages

Local 84840 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees. 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 84840 retained vouchers for all instances of lost time; however, a majority of the vouchers contained the date the voucher was completed and not the date the lost time was incurred.

3. Disposition of Property

Local 84840 did not maintain an inventory of t-shirts and watches it purchased and gave away. Also, the local did not maintain an inventory of prizes, which were given away at annual union picnics and Christmas parties. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

4. Failure to Keep Book Records

Local 84840 did not record receipts and disbursements for the local's money market account and certificates of deposit in any union record. Union records must include an adequate identification of all money the union receives and disburses. The records should show the date and amount received, and the source of the money. Also, the records should show the date and amount disbursed, and the person/entity to which the disbursement was made.

5. Source of Receipts Not Recorded

Entries in Local 84840's 2012 ledger do not include the source for \$480 deposited into the local's checking account. Union receipts records must show the date of receipt and the source of the receipt, which are required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3.

6. Lack of Salary Authorization

Local 84840 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.

Based on your assurance that Local 84840 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 84840 for the fiscal year ended September 31, 2012, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away t-shirts totaling more than \$1,300 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 84840 did not include some reimbursements to officers totaling at least \$2,500 in the amounts reported in Item 24 (All Officers and Disbursements to Officers) of the local's 2012 LM-3. It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expenses) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 84840 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 84840 must file an amended Form LM-3 for the fiscal year ended September 30, 2012, to correct the deficient items discussed above. I encourage Local 84840 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than July 8, 2013 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

#### Other Issues

##### 1. Duplicate Receipts

The local collects money from members to participate in the local's annual picnics and Christmas parties, but the local does not issue receipts to these members. OLMS recommends that Local 84840 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

##### 2. Lost Time Policy

As I discussed during the exit interview with you, the audit revealed that Local 84840 does not have a clear policy regarding lost time. The local does not check lost time claims against company records to verify that the hourly rate of pay and number of hours claimed are accurate. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Communications Workers Local 84840 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you

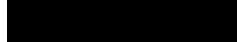
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make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Tom Burcham, President