

**U.S. Department of Labor**

Office of Labor-Management Standards  
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December 2, 2010

Ms. Janet Baker, Treasurer  
Communications Workers of America  
105 N. Mountain Blvd.  
Mountaintop, PA 18707-1156

Case Number: [REDACTED]  
LM Number: 055451

Dear Ms. Baker:

This office has recently completed an audit of Communications Workers of America Local 88177 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 December 1, 2010, 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 Violation

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 88177's 2009 records revealed the following recordkeeping violations:

Meal Expenses

Local 88177 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,741.15. 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.

In addition, Local 88177's records of meal expenses did not always include the proper itemization. For example, in June 2009, Local 88177 spent \$268.40 at the Stage Coach Inn. Although the union maintained a record of who attended, the amounts of the restaurant charges were not individually itemized.

Based on your assurance that Local 88177 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 88177 for fiscal year ending September 30, 2009 was deficient in the following area:

##### Disbursements to Officers (LM-3)

Local 88177 did not properly report the disbursements to President Sally Hooper totaling at least \$6,298.04 in the amounts reported Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). It appears the union erroneously reported these payments in Item 24, Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 88177 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).

I am not requiring that Local 88177 file an amended LM report for 2009 to correct the deficient items, but Local 88177 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Use of Signature Stamp

During the audit, President Sally Hooper and you advised that it is Local 88177's practice for President Sally Hooper, Trustee Susan Koch and you to sign union checks and to stamp the signature of a second signatory on the union checks. Although President Sally Hooper and you indicated that checks are not issued without the approval of the disbursement at the local's monthly meetings, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 88177 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Communications Workers of America Local 88177 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: Ms. Sally Hooper, President