

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
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March 11, 2008

Ms. Kim Huber, Secretary-Treasurer
Communications Workers AFL-CIO
Local 1168
505 Delaware Avenue
Buffalo, NY 14202

LM File Number 515-463
Case Number: [REDACTED]

Dear Ms. Huber:

This office has recently completed an audit of Communications Workers Local 1168 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 President John Klein, Executive Vice President Cori Gambini, and Vice President Sharon Schultz on February 29, 2008, 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.

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-2 filed by Local 1168 for fiscal year ending September 30, 2007, was deficient in the following area:

Failure to Properly Report Affiliation Payments

Local 1168 did not properly report total affiliation payments in Item 56, Per Capita Tax, during the reporting period. Rather, the audit disclosed, affiliation payments were erroneously reported in Schedules 18 and 19.

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I am not requiring that Local 1168 file an amended LM report for 2007 to correct the deficient items, but Local 1168 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 1168's officers and employees are currently bonded for \$210,000, but they must be bonded for at least \$250,000. Local 1168 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than March 31, 2008.

Other Issue

Preparation of Vouchers

During the audit, you disclosed that you complete vouchers on behalf of officers claiming reimbursed expenses. The purpose of the voucher system is to attest to the legitimacy of union expenses. These vouchers should be filled out and signed by the officer or employee claiming the expense reimbursement prior to their approval. OLMS recommends that Local 1168 review these procedures to improve internal controls of union funds.

I want to extend my personal appreciation to Communications Workers Local 1168 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,

Ms. Kim Huber
March 11, 2008

[REDACTED]

Investigator

cc: John Klein, President