



July 6, 2011

Mr. Lou Grieco, President
CWA LU 34157
PO Box 427
Dayton, OH 45409-0427

Case Number: [REDACTED]
LM Number: 060-149

Dear Mr. Grieco:

This office has recently completed an audit of CWA LU 34157 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 Treasurer Chris Stewart and you on June 29, 2011, 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 34157's 2010 records revealed the following recordkeeping violations:

1. General Expenses and Reimbursed Expenses

CWA LU 34157 did not retain adequate documentation for union expenses totaling at least \$470. For example, documentation for TNG-CWA union officer training registration fees was not retained to verify the date, amount, vendor, and purpose of the disbursement made. Additionally, Local 34157 did not retain adequate documentation for reimbursed expenses

incurred by Treasurer Stewart totaling at least \$135 when Mr. Stewart was reimbursed for purchasing pizza for a union membership meeting. The audit revealed the union did not retain an original receipt verifying the date, amount, vendor, and purpose of the disbursement.

As 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

2. Disposition of Property

Local 34157 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. 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 Form 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.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

3. Receipt and Disbursement Dates not Recorded

Entries in CWA LU 34157's general ledger reflect the date the union deposited money, but not the date money was received. Additionally, the union's general ledger entries reflect the date the union's disbursements cleared the bank, but not the date the disbursements were paid by the union. Union receipt records must show the date of receipt and disbursement records must show the date the funds are paid out. The date of receipt and the date of disbursement are required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Form LM-3. The Form LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received or disbursements were paid out could result in the union reporting some receipts or disbursements for a different year than when the transactions actually occurred.

4. Information not Recorded in Meeting Minutes

Article V of CWA LU 34157's Bylaws requires that expenditures in excess of \$500 be authorized by the majority of the membership at a legally constituted meeting and expenditures in excess of \$100 be authorized by the executive board. However, the minutes of the union's executive board and membership meetings do not contain any reference to expenditure approvals. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 34157 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violations

The audit disclosed the following other violation:

1. 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.

The audit revealed that the amount of Local 34157's bond was sufficient. However, the bond included a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. Local 34157 obtained a bond without a deductible during the compliance audit. As a result, OLMS will take no further action regarding this matter.

I want to extend my personal appreciation to CWA LU 34157 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: Mr. Chris Stewart, Treasurer