



December 15, 2010

Ms. Rhonda Taylor, President
Communications Workers AFL-CIO Local 3902
210 Summit Parkway
Birmingham, AL 35209

Case Number: [REDACTED]
LM Number: 015918

Dear Ms. Taylor:

This office has recently completed an audit of Communications Workers AFL-CIO Local 3902 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, Executive Vice President Steve Monk, Secretary/Treasurer James Vines, Vice President Beontras McWaine, and Attorney Robert Weaver on December 9, 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 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 3902's 2010 records revealed the following recordkeeping violations:

1. General Reimbursements

Local 3902 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$745.00. For example, a hotel stay in Jacksonville, FL, for a union meeting between 3-13/17-10, for Executive Vice President Steve Monk did not have an invoice, bill, or receipt. Additionally an expense voucher submitted by President Taylor for a trip to Prattville, AL between 10-18/21-09 did not have an adequate explanation of the nature of the union business conducted.

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. Information not Recorded in Meeting Minutes

During the audit President Taylor advised OLMS that the union maintained a janitorial contract for the union building worth \$9,450.00 annually that the membership was aware of. Additionally President Taylor advised OLMS that the membership authorized a charitable gift in the amount of \$300.00 in January 2010 payable to the Birmingham, AL Children's Hospital. The minutes of the meetings do not contain any reference(s) to these issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Disposition of Property

Local 3902 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 28 of the LM-2. 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 28.

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

4. Meal Expenses

Local 3902 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$343.46. 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.

Local 3902 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, a meal at Steak-Out Restaurant, in the amount of \$143.46, on 12-2-2009, did

not have the names of attendees or the nature of union business discussed. 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. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

5. Lost Wages

Local 3902 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$2,225.00. 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 3902 maintained lost time vouchers; however, six of the vouchers did not identify the nature of the union business conducted or the rate of pay due the member.

During the exit interview, I provided a sample of an expense voucher Local 3902 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

6. Failure to Maintain Records for Vacation Time

Local 3902 did not maintain records to verify that the vacation time earned and used by President Taylor was the authorized amount and therefore was correctly reported. Taylor earned 5 weeks paid vacation, 4 personal paid days, and 4 paid optional holidays per calendar year. The union did not maintain a record of any earned paid absences, of vacation days used, vacation days carried over to next calendar year, or remaining vacation balance at any time during the year. The union must keep a record to adequately monitor the vacation allowances authorized and utilized by the individual.

Reporting Violations

The audit disclosed violations 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 3902 for fiscal year ending September 30, 2009 (latest year on file), was deficient in the following areas:

1. Certificates of Deposit Reported As Investments

Local 3902 improperly included the value of certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. Failure to File By Laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 3902 amended its By Laws in 2009 but did not file a copy with its LM report for that year or any year since. Local 3902 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 3902 file an amended LM report for 2009 to correct the deficient items, but Local 3902 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, Secretary Treasurer James Vines advised that Local 3902's occasional practice is for him to sign all union checks and to stamp the signature of President Taylor on union checks. Vines indicated that no one but him reviews the checks before they are issued. Article 12 of Local 3902's bylaws requires that checks be signed by the president and treasurer. 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, 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 3902 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Communications Workers AFL-CIO Local 3902 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. James Vines, Secretary/Treasurer
Mr. Steve Monk, Executive Vice President