



December 4, 2018

Ms. Heather Baxter, Secretary-Treasurer
Communication Workers Local 86114
P.O. Box 2024
Washington, MO 63090-2024

Case Number: 510-6014854
LM Number: 069688

Dear Ms. Baxter:

This office has recently completed an audit of Communication Workers Local 86114 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 and President Mike Tripoli on November 29, 2018, 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 86114's 2017 and 2018 records revealed the following recordkeeping violations:

1. General Union Expenses

Local 86114 did not retain adequate documentation for disbursements made by the union. For example, the union incurred travel related expenses to Sheraton NY Times for \$764.43 and Crowne Plaza for \$754.26. Backup invoices could not be located to explain and clarify these disbursements.

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. Lost Wages

Local 86114 did not retain adequate documentation for lost wage reimbursement payments to union officers on multiple occasions. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the times and 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 86114 did not utilize lost time vouchers from October 2017 until June 2018. The method used only provided the total number of hours claimed, not the actual hours spent working for the union. The vouchers used from June 2018 through September 2018, the end of the fiscal year, were not adequate in that they only provided hours claimed, not the actual hours spent working for the union. On a few occasions the information provided for lost time did not provide a description, or an adequate description, of the union business being conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 86114 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.

3. Lack of Salary Authorization

Local 86114 did not maintain sufficient 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. Although there is a reference to "pay salaries" in the April 2018 meeting minutes, the meeting minutes for the entire fiscal year do not contain any other reference or approval to pay specific salaries or bonuses.

Records show the union paid the president, vice president, and chief steward for 12 hours each month, and the secretary-treasurer 24 hours each month, equal to their hourly rate at the employer.

Since the union's bylaws do not address officer salaries, 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.

The union advised the membership authorized the officers to receive a December and June bonus. The financial records confirm the officers received bonuses. In December 2017

and June 2018, the president and vice president received net bonuses of \$206.79, the chief steward received net bonuses of \$211.22, and secretary-treasurer received net bonuses of \$414.02.

The union's practice is to write the financial report that includes all the monthly disbursements on the meeting board for members to review. The financial report is also read and approved at each meeting. However, the union should seek prior membership approval for out of the ordinary disbursements such as bonuses. Specific authorizations including the amount or limit of money to be spent on out of the ordinary items should be discussed, approved, and noted in the meeting minutes.

In addition, minutes of all membership or executive board meetings must report any disbursement authorizations including authorization to travel on union business and incur expenses, made at those meetings.

Based on your assurance that Local 86114 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Failure To File Bylaws

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. The bylaws used by the union does not contain a date so it is unclear when the bylaws were created or updated. However, OLMS has no record of any bylaws filed by the local.

Local 86114 has now filed a copy of its bylaws. As agreed Local 86114 will include the date of any revisions on future bylaws.

I want to extend my personal appreciation to Communication Workers Local 86114 for the cooperation and courtesy extended during this compliance audit. I 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator