

U.S. Department of Labor

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March 27, 2007

Mr. Richard Ruppert, President
Communication Workers, AFL-CIO
Printers & Bindery Workers
Local 14845
429 S. 16th St.
Easton, PA 18042

Re: Case Number: [REDACTED]

Dear Mr. Ruppert:

This office has recently completed an audit of Printers & Bindery Workers Local 14845 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 Treasurer Patrick Boylan on March 21, 2007, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 14845's 2005 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

Union officers failed to maintain adequate backup documentation for at least \$1,880.00 in expenses charged to the union's credit card. As an example, Local 14845 failed to retain the hotel receipt for a \$1,557.43 expense for attendance at the National Convention in Chicago, IL. that was charged to the union's credit card. During the audit you obtained a copy of the missing lodging receipt and provided additional information to explain the business purpose of most credit card expenses that were missing backup documentation. In addition to the recordkeeping requirements described above, the date, amount and business purpose of every expense must be recorded in at least one union record.

Union officers failed to maintain adequate backup documentation for meal disbursements. Local 14845's records did not provide the names of all diners and the purpose of the meals. Adequate backup documentation for meal disbursements must provide the names of all individuals present for meals, the location (name of restaurant) where the meal expense was incurred and the purpose of the meal.

2. Lost Wages

Local 14845's lost time records failed to clearly identify the date and nature of the union work performed for which lost time payments were sought. Lost time records must be maintained that identify the date lost wages were incurred, the number of hours lost on each date, the rate of pay and a description of the specific union purpose for all lost wages. During the audit you advised that Local 14845 will begin maintaining all required lost time records. In addition, on February 12, 2007 the board of directors met and authorized a lost wages policy. You provided OLMS with a copy of the

meeting minutes from the February 12, 2007 board meeting that addresses the lost time issue.

As agreed, provided that Local 14845 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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 14845 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Officer and Employee Expenses

Local 14845 failed to report disbursements to officers for meals in Item 24(e) (All Officers and Disbursements to Officers Allowances and Other Disbursements). Such payments appear to have been erroneously reported in Item 54 (Other Disbursements)

All direct and indirect disbursements to officers and employees other than salary, including allowances, disbursements which were necessary for n conducting the official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for conducting official business of your organization must be reported in section 24(e). 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

Local 14845 failed to report per capita tax payments in Item 47(Per Capita Tax). Such payments appear to have been erroneously reported in Item 54 (Other Disbursements)

Payments that are made as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation or other labor organization must be reported in Item 47 (Per Capita Tax) on the LM-3 report.

Local 14845 agreed to correctly report all disbursements and receipts on the LM-3 in the future. No further action will be taken regarding this violation.

Other Issues


The CAP disclosed the following other issues that occurred during the year ending December 31, 2005:

1. Authorization for lost time disbursements paid to union officers could not be found in union records. I recommend that Local 14845 document a lost time policy authorizing lost time payments to officers in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting). During the audit Local 14845 remedied this issue. On February 12, 2007 the union's board of directors met and authorized a lost wages policy. The policy authorizes the president or board of directors to pay lost time to any member that loses pay from the employer because the member is performing union business. The policy requires lost time to be reimbursed at the hourly rate the employee receives from the employer. You provided OLMS with a copy of the meeting minutes from the February 12, 2007 board of directors meeting.
2. During the audit, you advised that it is Local 14845's practice for you to pre-sign checks. You also indicated that Treasurer Patrick Boylan is the only officer that reviews the checks before they are issued. Having two signatures is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, pre signing checks does not all a second party to attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. I recommend that Local 14845 review these procedures to improve internal control of union funds.

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I want to extend my personal appreciation to Printers & Bindery Workers Local 14845 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: Patrick Boylan, Treasurer