



July 3, 2013

Mr. Richard Zelesnik, Treasurer
Communication Workers, AFL-CIO
Local Union 13302
1370 Washington Pike, #407
Bridgeville, PA 15017

Case Number: 150-10406 [REDACTED]
LM Number: 541983

Dear Mr. Zelesnik:

This office has recently completed an audit of Communication Workers, AFL-CIO, Local Union 13302 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 Debra Gula on July 2, 2013, 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 Union 13302's 2012 records revealed the following recordkeeping violations:

1. Meal Expenses

Local Union 13302 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$172.35. 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 Union 13302 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, on April 10, 2012, the union credit card was charged \$25.00 for a meal at Seconds by Babyface in Carnegie, PA but a written explanation for the meal was not provided. 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.

2. Lost Wages

Local Union 13302 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$4,235.00. 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 although Local Union 13302 was maintaining vouchers that identified each date lost wages were incurred; the number of hours lost on each date and the applicable rate of pay the union was not providing a description of the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contained a sample of an expense voucher Local Union 13302 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. General Reimbursed Expenses and Payments to Officers

Local Union 13302 did not retain adequate documentation for all payments to President Debra Gula. The audit found that the union provides President Gula a monthly payment of \$30.00 for use of her Sprint cell phone for union business. Gula provides the first page of her monthly phone bill which the union retains as documentation. However, for some months the union pays Gula more than \$30.00; this is done to reimburse Gula for union work she performs on her days off from her company job. During the months when extra payment is provided to Gula, the union attaches the first page of the Sprint bill as supporting documentation. The union was told that the supporting documentation for payments to officers must reflect the expense incurred. The union must have separate documentation (such as a non-lost time voucher) to support payments to Gula for the hours she performs for the union. In addition, the union must keep the entire Sprint phone bill and not just the first page.

Reporting Violations

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-3) filed by Local Union 13302 for the fiscal year ended September 30, 2012 was deficient in following areas:

1. Disbursements to Officers

Local Union 13302 did not include some reimbursements to officers totaling at least \$1,100.50 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, the audit found that although the union pays the costs associated with the use of the treasurer's cell phone, the payments made to Verizon were not reported in Column E (Allowances and Other Disbursements) of Item 24 (All Officers and Disbursements to Officer). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses). In addition, the union erroneously reported officer meal expenses in either Column D (Gross Salary) or Item 48 (Office and Administrative Expenses) instead of Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local Union 13302 officers and some indirect disbursements made on behalf of its officers in Item 24. 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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).

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union file a copy of its constitution and bylaws with the Department of Labor. During the audit, the union provided an undated copy of its bylaws and an undated revision of its bylaws to OLMS. However, the union failed to previously file these bylaws with the Department of Labor. Local Union 13302 was reminded of their obligation to file their bylaws with the Department of Labor. In addition, in the event of any changes to their bylaws, they were reminded they could provide these bylaws when electronically filing their LM report.

I want to extend my personal appreciation to Communication Workers, AFL-CIO, Local Union 13302 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

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you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Ms. Debra Gula, President
Kenneth Gloor, CPA