



July 30, 2013

Mr. Clifford Kerns, Treasurer  
Communications Workers of America Local 84303  
227 1/2 College Ave.  
Rensselaer, IN 47978

Case Number: 310-23554-  
LM Number: 505535

Dear Mr. Kerns:

This office has recently completed an audit of Communications Workers of America Local 84303 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 President Lin Foulks and you on July 25, 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 84303's 2011 records revealed the following recordkeeping violation:

## Receipts and Disbursements Journals

Local 84303 did not maintain receipts and disbursements journals. Unions should retain financial records that clarify or verify any report filed with the Office of Labor Management Standards (OLMS). Local 84303 should maintain receipts and disbursements journals (or similar records) to record all monies received and spent by the union. The union's receipts and disbursements journals must include an adequate identification of all money received and disbursed by the union. The records should disclose the date and amount received or disbursed, and the source or recipient of the money.

Based on your assurance that Local 84303 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

## 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-2) filed by Local 84303 for the fiscal year ended December 31, 2011, was deficient in the following areas:

### 1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away turkeys and hams totaling more than \$3,700.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

### 2. Bonding Coverage

Local 84303 erroneously reported in Item 20 the maximum bond amount recoverable under the local's fidelity bond as \$7,500.00. The audit revealed that the union has held a \$12,500.00 fidelity bond since January 1, 2011 which was sufficient coverage for the union during the audit year. Local 84303 should properly report the amount of its fidelity bond in Item 20 as \$12,500.00.

### 3. Failure to File Bylaws

Item 21 (Did your organization have any changes in its constitution and bylaws?) should have been answered, "Yes". 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 84303 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year.

Local 84303 has now filed a copy of its constitution and bylaws. No further action is necessary.

#### 4. Failure to Report Receipts

Local 84303 did not report receipts for its Vending Fund totaling at least \$1,400.00 on Form LM-2. All receipts for the union should be recorded in Statement B of Form LM-2. Local 84303 should have reported its receipts for the Vending Fund in Item 43 (Other Receipts) of Form LM-2.

I am not requiring that Local 84303 file an amended LM report for 2011 to correct the deficient items, but Local 84303 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### 1. Signature on Union Checks

The audit disclosed that Treasurer Clifford Kerns is the sole signatory on all union checks. Article XII, Section 1(B)(1) of your union's bylaws requires that all checks be countersigned by the president. 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. OLMS recommends that Local 84303 review these procedures to improve internal financial controls of union.

#### 2. Local Officer Election

During the opening interview of the audit, President Lin Foulks stated that Local 84303 last held its regular scheduled election of officers in November 2010 and intended to hold the local's next regularly scheduled election in November 2014. Title IV, Section 401(b) of the Labor-Management Reporting and Disclosure Act of 1959, As Amended, states that every local labor organization shall elect its officers not less often than once every three years by secret ballot among the members in good standing. Therefore, Local 84303 must hold its next election no later than November 2013.

I want to extend my personal appreciation to Communications Workers of America Local 84303

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. Lin Foulks, President