

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
1100 Main Street
Room 950
Kansas City, MO 64105-5143
(816)502-0290 Fax: (816)502-0288



September 6, 2006

Mr. Kenneth Mertes, President
Communications Workers AFL-CIO
Local 7103
1325 Lewis Blvd.
Sioux City, Iowa 51105

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Mertes:

This office has recently completed an audit of Communications Workers Local 7103 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, Jerry Moore, and Susan Richards on September 6, 2006, 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.

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 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, 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.

The audit of Local 7103's 2005 records revealed the following recordkeeping violations:

- Union officers failed to maintain adequate documentation for expenses reimbursed by the local. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded. In some circumstances, the local did not maintain the names of those present at meals.
- The local did not maintain all of its Certificate of Deposit and Financial Investment statements for its entire fiscal year.

As agreed, provided that Local 7103 maintains adequate documentation, as discussed above, in the future, this matter will be resolved.

The CAP also 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 314 for fiscal year ending September 30, 2005, was deficient in the following areas:

- The local did not accurately report disbursements to officers in Schedule 24 of the LM-3.
- The local's 2005 LM-3 report did not reconcile and the following items were determined not to be correct:
 - the Start of Reporting Period and End of Reporting Period, Items 25(A) and (B), cash balances
 - the Start of Reporting Period, Item 28, Investments
 - the Start of Reporting Period and End of Reporting Period, Items 31(A) and (B), total assets
 - the Start of Reporting Period and End of Reporting Period, Item 32 and Items 37(A) and (B), Accounts Payable and Net Assets, respectively

- Items 38, 42, 44, 45, 46, 48, and 55 under Statement B, Receipts and Disbursements

The local was requested to file an amended Form LM-3 for fiscal year ending September 30, 2005, to correct the deficient items discussed above. The local filed the requested amended report on August 11, 2005; therefore, this violation has been adequately satisfied.

I want to extend my personal appreciation to Communications Workers Local 7103 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,



Investigator