

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Cincinnati District Office  
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June 13, 2006

Ms. Carol Snell, Financial Secretary  
IUE-CWA, AFL-CIO  
Local 795  
4910 Church St.  
Taylor Mill, KY 41015

Re: Case Number: ~~XXXXXXXXXX~~

Dear Ms. Snell:

This office has recently completed an audit of IUE-CWA Local 795 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 Local 795 President Michael Maxwell on May 16, 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.

**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 795's 2002 records revealed the following recordkeeping violations:

- Local 795 failed to maintain several canceled checks and voided checks.
- The local failed to maintain multiple bank statements for the savings account, checking account, and investment account.
- Local 795 failed to maintain any book record of the savings account, and left journals for the checking account incomplete and incorrectly totaled.
- The local failed to maintain adequate documentation for disbursements, in that receipts and invoices were missing for almost every disbursement.
- Most vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must 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.
- Local 795 failed to record some employer dues check-off checks and some credits received from banks for interest earned on the savings account and investment account. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

As agreed, provided that Local 795 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 795 for fiscal year ending December 31, 2002, was deficient in that Local 795 failed

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to include some reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). As the local has filed an amended report with this office, no further action is necessary regarding this violation.


Additionally, the local has a history of delinquent filing of its LM reports. You stated that you have obtained the services of an accountant to help the local comply with the time frames for filing set forth in the LMRDA. However, the local has failed to file its LM-3 report for fiscal year ending December 31, 2005, which was due on March 31, 2006. As a result, someone from this office will contact you shortly regarding the filing of your 2005 report.

### **Other Issues**

In reviewing the local's receipts, OLMS discovered that the local failed to deposit one of the dues checkoff checks it received from an employer during the audit period. As the international union has confirmed that the check was never negotiated, and the local has arranged to have its dues checkoff checks directly deposited to its bank account in the future, no further action is necessary regarding this issue.

I want to extend my personal appreciation to IUE-CWA Local 795 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: Local 795 President Michael Maxwell