

LOCAL OFFICERS - FIDUCIARY RESPONSIBILITY

Every Local Officer stands in a fiduciary position with respect to the Union and its members. The sources of that fiduciary position are the:

- **Labor and Management Reporting and Disclosure Act (LMRDA)**
- **CWA Constitution**
- **Local Bylaws**
- **Union and Local Policies**
- **Local Union Credit Cards – Beware!**

Generally, a Local officer's fiduciary responsibilities require him or her to hold the assets of the local in trust, to see that the Local's money is spent only for a proper purpose and to account for all expenditures of the Local's assets. **It is important to note that all officers are held accountable, not just the Treasurer.** Local Officers should familiarize themselves with the duties required of them.

LMRDA

The Labor Management Reporting and Disclosure Act provides that "officers, agents, shop stewards, and the other representatives of a labor organization," occupy positions of trust in relation to the union and its members and imposes **five particular duties** of such persons. Thus, an officer of a Local is required:

- To hold its money and property solely for the benefit of the organization and its members;
- To manage, invest and expend its money and property in accordance with its Constitution and Bylaws and any resolutions of the governing bodies adopted thereunder;
- To refrain from dealing with such organization as an adverse party in any manner connected with his or her duties;
- To refrain from holding or acquiring any pecuniary or personal interest which conflicts with the interests of the organization; and
- To account to the organization for any profit received by him or her in whatever capacity in connection with transactions conducted by him or her under his or her direction on behalf of the organization.

CWA CONSTITUTION

In addition to the duties set forth in the law, a Local Officer's fiduciary responsibilities are further defined by the CWA Constitution. The Constitution in Article XIII, Section 11, declares that the Local's assets "shall be considered a trust fund of the union to be held and administered" by the Local for the membership. In Section 9 of Article XIII, the Constitution imposes specific duties. They are:

- To maintain adequate files and records;
- To have an annual audit of the financial records of the Local prepared by competent persons.
- To make financial records available to the membership at least annually;
- To furnish to the union's Secretary-Treasurer an annual financial statement; and
- To provide for the bonding of Local Officers and other persons who handle union funds and property.

LOCAL BYLAWS

Local Bylaws generally set forth additional duties of Local Officers. For example, a Local's Bylaws may require the Treasurer to issue payments only upon review and approval of proper documentation indicating the purpose and amount of the expense.

UNION AND LOCAL POLICIES

In addition to its Bylaws, a Local may also have established policies or rules concerning the financial administration of the Local. For example, a Local may have a policy by which it will reimburse an officer or member only for actual lost wages when engaged in union business. Payments in this Local to an individual for time spent on union business, but for which no wages were actually lost, may trigger a finding of a breach of fiduciary responsibilities.

The consequences for a Local Officer's breach of his or her fiduciary responsibility can be severe. An officer may be held personally liable for losses sustained by the Local or union as a result of a breach of fiduciary duties. Moreover, the LMRDA provides that an officer who embezzles, steals or otherwise converts Local funds or assets to his or her own use may be fined in an amount up to \$10,000 and/or imprisoned for up to five years.

LOCAL UNION CREDIT CARDS – BEWARE!

Credit Cards are the leading cause of Locals getting into financial and legal difficulties. A Local significantly increases its financial and legal exposure by issuing credit cards to officers in the name of the Local.

Our experience confirms that the possibility for problems increases in proportion to the number of officers and/or executive board members given Local credit cards or access to them. A local union credit card can present an irresistible temptation for some, especially if they are experiencing financial or marital difficulties, or have children with drug or alcohol problems, or cannot qualify themselves for a personal credit card.

The Local can avoid many of these problems by establishing a policy whereby officers secure cards in their own name and the Local pays for the card's basic annual fee (if any). The officer then submits the credit card charges associated with authorized union activity and the Local reimburses the officer. Any additional expenses charged to the card, plus the payment of the credit card bill, remain the responsibility of the officer, not the Local's obligation.

CWA uses this exact procedure for the union's full-time staff. This arrangement works satisfactorily and avoids the Union becoming liable and responsible in situations where expenses may be charged that do not qualify for reimbursement or in cases where staff members use the card for personal purchases.

For those Locals who currently issue credit cards in the Local's name and who are not convinced by our comments to change that policy, we recommend the following steps to protect the Local and yourself.

1. Issue cards only to those officers who have extensive travel responsibilities or are responsible for purchasing goods, services or bills that cannot be handled through the Local's normal voucher procedure.
2. Inform Local officers on the proper use of the Local's credit card. Ask each officer to read and sign the "Local Union Credit Proper Use Statement" and file a signed copy.
3. Do not activate the cash-withdrawing feature of the credit card (usually with PIN).
4. Require officers to submit monthly credit card expense reports.
5. Set up an audit committee, which knows how to spend time reviewing credit card statements, payments and monthly credit card expense reports.
6. Locals that maintain credit cards for their officers should consider increasing their blanket fiduciary bonding coverage beyond the required 10% of the Local's assets. It has been our experience that Local Union credit card fraud often exceeds the normal bonding requirements.

Local Union Credit Cards Proper Use Statement

1. I understand that the Local Union Credit Card, which has been issued to me, is to be used **ONLY** for official, authorized Union expenses.
2. I understand that my Local Union Credit Card is not to be used for any personal expenses or purchases. This includes personal meals, transportation and purchases at stores or through catalogues.
3. I understand that my Local Union Credit Card is not to be used to pay for any expenses associated with a personal vacation or trip. If I am away on Union business and choose to stay extra days, I will make other payment arrangements for the extra days.
4. I understand that I cannot use my Local Union Credit Card to pay for personal expenses, even if I promise to repay the Local promptly when the statement arrives.

I have read the four items above and agree to abide by them when using the Local Union Credit Card. I understand that I hold a position of trust in relation to the Union and its members as stated in the Labor-Management Reporting and Disclosure Act (LMRDA) and that I am required by law and the CWA Constitution to hold the Union's money and property solely for the benefit of the Union and its members.

Print your name and Local Position

Signature

Date

Monthly Credit Card Expense Report

The use of Local Union credit cards does not necessarily provide for an “accountable” business expense plan under the IRS guidelines. When a plan is not “accountable,” disbursements made under that plan must be included on the employees’ W-2 Form as reportable, taxable income.

The Monthly Credit Card Expense Report form will assist you in ensuring that the Local’s business expense plan is accountable under IRS guidelines. The form should be used by each Officer submitting expenses for payment to the credit card company. The form will accompany the monthly statement, and should be reviewed by those Local Officers responsible for reviewing all credit card activity for the Local.

MONTHLY CREDIT CARD EXPENSE REPORT

LOCAL OFFICERS - DUTIES AND RESPONSIBILITIES

SETTING GOALS AND PREPARING A BUDGET

SETTING GOALS - LEADERSHIP

Local Officers must take the time to look ahead and set specific goals for the upcoming year. (See Sample Local Goals in next column.) The mere exercise of discussing and agreeing to specific goals can be an empowering and positive experience for the Executive Board. It also serves to unite the Board behind a common vision for the future. Remember to keep the goals:

SPECIFIC, ACHIEVABLE AND MEASURABLE

Goals will enable your Local to have a proactive plan, rather than reactive responses.

Once the Board has agreed to goals, they should be brought up at subsequent Board meetings to discuss progress and to return everyone's attention back to the stated goals. Obstacles (and suggestions on how to overcome obstacles) should also be discussed at this time.

PREPARING A LOCAL BUDGET

Preparing a Local budget gives officers an opportunity to support the goals of the Local. When allocating the Local's income, we must ask ourselves, "What percentage of the Local's budget is allocated on this item? Are we spending too much on certain items and not enough on others? Are we allocating funds to areas, programs and activities that help build the Local Union and involve members?"

LOCAL GOALS FOR THE YEAR 20__

STEWARDS

Recruit ten new stewards in accounting department.

EDUCATION

Send ten new stewards to stewards training.

Send four chief stewards to District Leadership Conference (Two for year 1 and two for year 2).

Send Executive Vice President to Organizing School.

Send Chair of Education Committee to Teaching Techniques class.

COMMUNICATION WITH MEMBERSHIP

Improve Local newsletter. Target at least six issues a year. Get more workplace stories, quotes, comments, etc.

Start stewards bulletin -- six issues a year.

One-page typed format.

MOBILIZATION

Run two one-on-one campaigns on workplace issues.

ORGANIZING

Internal -- sign up 2% of nonmembers in accounting department.

New units -- target one new unit.

LEGISLATION/POLITICS

Target 1-2 local candidates for active Local support.

Run voter registration drive.

Increase lobbying visibility.

COMMUNITY SUPPORT

Participate in National Jobs With Justice Action Day.

Demand recognition for CWA's role in community service drives. For example, United Way, Blood Bank, etc.

HEALTH AND SAFETY

Conduct health and safety workplace survey in two work locations. (Health and Safety survey available from International)

OTHERS

LOCAL TREASURER - DUTIES AND RESPONSIBILITIES

Protecting the funds and assets of the Local is the fundamental job of the Treasurer. Treasurers must carry out their duties and make sure that they comply with:

- Federal Law
- CWA Constitution
- Local Bylaws
- Union and Local Policies

The Duties and Responsibilities of the Treasurer are to:

- § Share in responsibility of internal and external organizing. (The H166 can be helpful in targeting internal organizing efforts.)
- § Make worksite visits. (All officers should talk with the members at different worksites occasionally.)
- § Provide communication link between members and the President.
- § Perform all duties as required by the CWA Constitution and Local Bylaws.
- § Prepare budget in consultation with other officers.
- § Maintain financial records.
- § Receive funds due to the Local, including dues payments from the International, cash dues, initiation fees, etc.
- § Handle expenditure of funds.
- § Secure authorization, documentation and explanation.
- § Keep bank account records.
- § Report on finances to Local.
- § Report to membership.
- § Furnish financial statement to International.
- § Maintain records on employees.
- § Prepare Forms W-4, W-2, W-3, I-9.
- § Prepare Forms 1099, 1096.
- § Prepare Journal Ledger.

- \$ Meet Federal Report requirements.
 - LM reports
 - Form 990
 - Unemployment Compensation Form 940
 - Quarterly tax report Form 941
- \$ Meet state, county, city report requirements.
- \$ Arrange for annual audit.
- \$ Handle bonding coverage.
- \$ Manage Local's assets.
- \$ Invest Local funds consistent with sound accounting practices and policies of the Local.

GETTING STARTED

We strongly recommend that you take a few days and work through this list. Familiarize yourself with each of these documents and requirements. As you go through these items, note information that you may want to refer back to at a later date. If you have any questions on these items, ask your Local President or your Staff Representative.

Review CWA Constitutional requirements for Treasurer (See CWA Constitution Articles VI and XIII, Section 9).

Review Local Bylaws requirements for Treasurer. Highlight sections in Bylaws for future reference. Remember, the Bylaws will give you authorization for certain payments and may require specific actions. Also review the Local's operating practices or standing rules on ongoing expenses.

Review fiduciary responsibilities of Local Officers.

Review bonding requirements. Make sure that all Local Officers who handle union funds are properly bonded. This is a CWA Constitutional requirement. Bonding coverage should be a minimum of ten percent of total assets.

Review Local budgets from previous years. Calculate what percentage of total dues income was spent on each line item last year. This will help you assess where the money is being spent and may identify areas that need to be examined by the Board.

Review previous financial reports to members. You should make a special effort to see that financial reports are easy to understand and that they reach all the membership, not just those who come to membership meetings. When members know where the money goes, they are more likely to support the union and its programs.

Review bank accounts. Bank accounts should be in the name of the Local. The Local Bylaws should require that all checks be signed by two officers. This is also a recommendation of the U.S. Department of Labor and most auditors.

Review the Local's procedures and policies for payment of bills. Local Union funds should be disbursed only by check. The only exception is a petty cash account. When a payment is issued, the invoice or statement should be marked paid, dated and the check number noted. This will safeguard against duplicate payment. Remember all expenditures of Local Union funds must have authorization, documentation and explanation.

Review the Local's procedures and policies for payment of expenses.

Review H-166 and make sure you understand what all the information means. Note trends, increases or decreases in members or nonmembers in certain locations, bargaining units, etc.

Review federal forms and report requirements LM and 990. Locate previous years federal forms and reports and briefly review.

Review applicable federal, state and city taxes paid in previous years. For example, payroll tax, real estate, withholding tax, etc.

Review how long you must keep Local financial records. (Five years in most cases)

Review the Local's procedures for an annual audit. This is a constitutional requirement. If the Local uses an outside audit firm, you should set up an appointment to introduce yourself to the auditor.

CHECKLIST OF DOCUMENTS

When you take office, review this list to make certain that you have the following documents. Make them part of your permanent records. Some of these items may not apply to your Local.

- CWA Constitution (most current one)
 - Local Union Bylaws (most current one)
 - Local Operating Practices or Standing Rules
 - Uniform Operating Practices Manual (UOPM)
 - Local Union Employer Identification Number
- IN:
- Local Union LMSA File Number with the Department of Labor
LMSA File Number:
 - Copy of the Blanket Tax Exemption IRS Letter
 - Local Union Checkbook(s):
Account Number:
 - Local Union Savings Accounts:
Account Number:
 - Money Market Certificates:
Account Number:
 - Vouchers (for past five years)
 - Local Budget (most current and previous years if available)
 - Financial Report(s) to Membership (most current)
 - Annual Local Financial Statements
 - Key to Local Safety Deposit Box
 - Fixed Asset Inventory
 - Current Fiscal Year General Ledger
 - Past Years General Ledgers (for past five years)
 - Current Fiscal Year Journals (which include):
Cash Receipts
Disbursements
- Petty Cash
 - Past Years Journals:
Cash Receipts
Disbursements
Petty Cash
 - Past Years Payroll Cards
 - Current Fiscal Year Canceled Checks and Bank Statements
 - Past Years Canceled Checks and Bank Statements (for past five years)
 - Current Fiscal Year Payments
 - Current Fiscal Year Bills
 - Past Years Bills
 - Insurance Policies:
Workers Compensation Liability
Casualty and Liability
Other:
 - Fidelity Bond - Amount \$_____
 - Copy of Mortgage/Lease
 - Copies of ALL Audit Reports
 - All IRS Reports of:
W-2s W-3s W-4s
 - Department of Labor Reports (either LM-2s, LM-3s or LM-4S)*
 - All State and Local Tax Bills and Receipts of Payment
 - Landrum-Griffin Act (Labor-Management Reporting and Disclosure Act, As Amended 1959)
 - Signed Local Union Credit Cards. Proper Use Statements (if applicable)
- * Locals comprised entirely of public employees are not required by law to file LM reports.

EXPENDITURES MUST BE AUTHORIZED, DOCUMENTED AND EXPLAINED

AUTHORIZED

Because of the fiduciary nature of your position as Treasurer, the need for authorization for disbursements is greater than in a commercial enterprise.

Basically, no disbursement should be made without an authorization.

Authorization may take the form of allowances set forth in Bylaws or a motion passed at a membership meeting, or Executive Board action.

Authorization for payment of rent, supplies, etc. may be delegated to officers, however, such authorization must have been acted on by the membership at some point in time.

DOCUMENTED

Disbursements should have supporting documents such as receipts, bills, etc.

If there is no documentation for the expense, reimbursements are not to be made without proper explanation.

EXPLAINED

An explanation of the activity which caused the expense should be included on all expenditures.

DOUBLE DIPPING - DON'T

We negotiate employee paid lost time wages for members conducting union business so that the Local Union can stretch out its financial resources. We advise against the practice of paying additional lost time wages (out of Local dues money) for lost time which is paid by the employer.

LOCAL VOUCHER GUIDELINES

The International Union has prepared the following guidelines regarding Local vouchering procedures.

EXPENSE VOUCHER FORM

An expense voucher should be used by individuals to gain reimbursement for authorized personal expenses incurred in the course of union business. Local expense voucher pads can be ordered from the International in Washington, D.C., ATTN: Secretary-Treasurer's Office.

Expenses should be turned in weekly with proper explanation of expenses, activities and receipts which support reimbursements.

Where receipts are not obtainable, appropriate explanation should be entered on the vouchers.

LOCAL CREDIT CARD GUIDELINES

Refer to Section 3.1 for information regarding Local credit cards.

WAGES

Wages should be reimbursed weekly for lost time while on union business. Wages paid for other than actual lost wages may occur when working full-time for the union (for example, vacation, etc.) A W-4 form "Employees Withholding Allowance Certificate" must be on file for each individual reimbursed for wages. Wages are not to be paid if a W-4 and an I-9 form are not on file. This also applies to any withholding forms required by state or city income taxes for which you may be liable.

MEALS AND HOTEL

When away from home on union business, the individual should follow the Local Union's policy regarding the class (room rate range) of hotel to stay in. The Local will then reimburse the individual for the actual cost of the hotel room plus actual expenses for meals and incidentals in accordance with the Local Union policy and authorization.

TRANSPORTATION

When traveling, officers and representatives of the union are required to use the classes of travel designated by the Local's policy. All travel and travel expenses should have prior approval and actual receipts should be submitted to the Local with an explanation.

PERSONAL CAR/MILEAGE

In the event that personal cars are used in the conduct of union business, the mileage rate established by the local will be reimbursed to the individual. It is recommended that this not exceed the current IRS allowance per mile. It is necessary that the individual explain the travel using a point to point designation (i.e., Philadelphia to D.C. to Philadelphia).

All individuals using their personal car to conduct union business should have proper insurance in accordance with state requirements. You should ask those who normally drive on union business for the name of their insurance carrier and policy number and keep on file.

TELEPHONE

Expense of local and long distance telephone calls charged on the hotel bill for official union business when properly vouchered will be paid according to Local Union policy. Explain on the hotel bill the nature of the call.

OTHER

Any expenses that do not fit the headings above and are incurred during the course of union business must be authorized and explained. Proper documentation must exist before reimbursement is made. The Treasurer should not make payment unless it is properly authorized.

FINANCIAL REPORTS

The CWA Constitution requires Locals to make financial reports to their Local membership and to the International.

FINANCIAL STATEMENT TO INTERNATIONAL

Every Local must submit annually a financial statement to the International Union. This is a requirement of the CWA Constitution, Article XIII, Section 9.

The financial statements should be sent to the CWA Headquarters address in Washington, D.C., ATTN: Secretary-Treasurer.

FINANCIAL REPORT TO MEMBERSHIP

Members should be encouraged to know as much as possible about the finances of their union. When members know where the money goes, they are more likely to support expenditures for worthwhile programs. The CWA Constitution requires that all Locals make a financial report to the membership at least once a year (Article XIII, Section 9m). However, it is a good Local policy to report more often. You can build your Local union by sharing this information which will help educate members on all aspects of their union.

Officers have to make a special effort to see that financial reports are easy to understand, are meaningful and reach all the membership, not just those who come to membership meeting.

SOME SUGGESTIONS:

- Photocopy a monthly or yearly financial report and hand it out at the membership meeting. Encourage questions. Don't get defensive about questions. Remember, the members don't know as much as you do about how and why the Local spends its money.
- Print the financial report in your Local newsletter or handbill and distribute to the worksites.
- Go over the report with the stewards before handing it out so they can explain it to the members or answer questions.
- Make the report easy to understand. Run it past your spouse or friend; if they are confused, your membership will also be.
- Use simple language. Don't say "assets;" say what your Local is worth.
- Explain all items. Don't say "lost time;" say lost time for stewards and officers on grievances.
- Use a pie chart along with the report.
- In your report try to anticipate all questions which might arise on financial matters and answer them carefully and fully.

BANK ACCOUNTS

Bank accounts and Certificates of Deposits should be in the name of the Local.

Local Bylaws should require that all checks be signed by two officers. This is also a recommendation of the U.S. Department of Labor and most auditors.

It is an unacceptable policy for Local Officers to sign blank checks.

Local Union funds should be disbursed only by check. (The one exception is a petty cash account.) Always mark an invoice, statement or bill paid, date it and put the number of the check issued for payment. This will safeguard against double payments.

Checks should be numbered consecutively.

The three to a page type of checkbook is recommended.

Always have authorization, documentation and explanation before issuing a check.

Reconcile and balance the local's checking account every month. It is a fiduciary responsibility of the Treasurer to reconcile the accounts monthly. Failure to balance the Local's checking account can result in a loss to the Local due to an error by the bank.

LM REPORTS

The Labor-Management Reporting and Disclosure Act (LMRDA) requires that all Local units file annual financial disclosure reports.

CURRENT REPORTING REQUIREMENTS

Locals with an annual income of \$100,000 or more are required to complete Form LM-2. Essentially all other Locals must complete Form LM-3. The form must be filed no later than ninety (90) days after the close of the Local's fiscal year. In addition, city, state or regional CWA Councils must file an LM report.

Prior to filing the LM report, you must have filed an LM-1A report which establishes your Local with the Labor Department and provides you with an LMSA file number. Your Local probably already has an LMSA file number.

Form LM-1A is also the report that is to be filed if you have made changes in your Constitution or Bylaws during the reporting period.

FUTURE REPORTING REQUIREMENTS

In October 1992 the Department of Labor established new LM reporting requirements which will become effective January 1, 1994.

Essentially there are four basic changes to the reporting requirements.

- New Form LM-4 for organizations with less than \$10,000 in annual cash receipts.
- The use of either the accrual basis or the cash basis of accounting to prepare LM-2, LM-3 or LM-4.
- An increase in the maximum annual cash receipts amount from \$100,000 to \$200,000 to be eligible to file the simplified LM-3.
- Use of functional reporting for selected expenses.

NOTE: Locals comprised entirely of public employees do not have to file an LM financial report, but you do have to file a Form 990.

WHAT IS AN EIN?

Every CWA Local is required by law to have its own Employer Identification Number (EIN).

Your EIN is the key to the electronic computer data files that the IRS maintains.

Without the EIN, the IRS is unable to place your tax returns and inquiries in their proper filing spot.

Your Local probably already has an EIN. If it doesn't, you must file Form SS-4 to obtain one from the IRS.

If you are unable to locate the EIN for your Local, the office of the Secretary-Treasurer (Headquarters) keeps a record of these numbers. You may secure it by calling or writing.

NOTE: The tax exempt status exempts unions from federal corporate income tax and that is all. Your Local Union is still subject to applicable federal and state payroll withholding and payroll taxes, as well as city and state sales, personal property and real estate taxes.

LOCAL UNION ACCOUNTING SYSTEM

GENERAL JOURNAL

The general journal is used for recording transactions that are not otherwise recorded in either the cash receipts, cash disbursements, payroll or other specialized journals. General journal entries are commonly used to record correcting, adjusting and closing entries.

Correcting entries include correction of prior journal entries recorded incorrectly, etc.

Adjusting entries are used to record the depreciation of fixed assets, amortization of bonds, etc.

Closing entries are used to "close out" the Local's income and expense accounts at the end of the year.

GENERAL LEDGER

The general ledger is used to summarize the financial transactions of a Local union by account number. This summarized information is then used to prepare financial statements, LM-2s, LM-3s, 990s and other reports.

Once the receipt, disbursement, payroll and journal entries (if any) for the month have been recorded and totaled, the next step is to record (post) the totals by account in the general ledger. This is done on a monthly basis.

A general ledger requires setting up a chart of accounts which gives a brief description of each account and assigns a number to each type of account. Some examples of accounts are:

- Assets
- Liabilities
- Income
- Expenses

All postings to the general ledger are either as "debits" or "credits." Debits are posted to the left hand side and credits are posted to the right hand side of accounts in the general ledger. The meaning of credit and debit (whether it reflects an increase or decrease to the account) depends on the nature of the account.

Here are some guidelines to follow in posting to the general ledger from the various types of journals:

Cash Receipt Journal

The total of the cash account is a debit. The other accounts to which the cash is distributed are credits.

Cash Disbursement Journal

The total for the cash account is a credit. The distribution accounts are debits.

Payroll Journal

The net pay amount is a credit to cash. Gross pay is a debit to the salaries account and all deductions from payroll are credits.

General Journal

Each portion of the journal entry is posted as either a debit or credit as indicated on the journal.

HOW TO SELECT AN ACCOUNTING FIRM

Inquire as to the type of services they could provide.

- **Annual audit of financial statements.**

The accounting firm will review and document your accounting system, test the activity in your general ledger, make any adjustments needed for your financial statements to keep in conformity with generally accepted accounting principles and issue an opinion on the fairness of your financial statements.

- **Preparation of tax forms.**

Sometimes it is cost efficient to have the accounting firm prepare the Local's 990 or LM report because, during the audit of your financial statements, they have already accumulated most of the information needed to prepare these forms.

- **Management advisory series.**

Many firms now act as consultants in updating computer systems, improving the efficiency of accounting procedures and gathering any type of statistical data you might need.

- **Technical assistance throughout the year.**

Whichever firm you might choose, they should be willing to answer any type of accounting or tax question whenever the need arises and usually at no charge.

After you have decided which services would be best for your Local, have at least two or three accounting firms bid a fixed fee on the cost of providing service to your Local.

Remember, large does not always mean better when it comes to accounting firms. Many smaller local firms might be able to give your questions and accounting problems more attention throughout the year at a lower billing rate.

Each year you should review and evaluate the services the accounting firm has provided and decide whether another accounting firm could better serve your purpose or, perhaps, you may need to expand on the services the current accounting firm is performing.

NOTE: An accounting firm is only held accountable for what they did with the information you provided them. Because you engage an accounting firm does not mean they have the fiduciary responsibilities or take over your responsibility to the Department of Labor.

BOND COVERAGE - WHAT IS IT?

Bonding is an insurance guaranteeing reimbursement for financial loss caused by acts of fraud or dishonesty.

The Labor-Management Reporting and Disclosure Act (LMRDA) requires that individuals handling union funds be bonded. This bond coverage can be obtained through CWA or a Local may secure their own coverage.

The bond coverage should equal ten percent of total assets. The Labor Department uses the following formula to compute total assets for bond coverage:

Total Receipts (LM item 54) plus Total Assets (LM item 31) minus Fixed Assets (LM item 29) equals number that must be multiplied by ten percent to arrive at bond coverage amount needed.

If a Local chooses to obtain bonding through CWA, please do so in writing. Coverage can be from \$2,500 to \$500,000.

BOND CLAIM – HOW TO FILE?

Upon discovery of a potential claim, notify the Compliance Department at the CWA Headquarters. Included the following information:

- Who is being charged. Give the current and/or last known address and telephone number.
- Who is making the charges. Be sure to also indicate the name, address and telephone number of the local official to be contacted for further information.
- Information available to date supporting the charge.
- What steps remain to be taken to complete substantiation of the claim.

After this notice is received, a claim file will be set up, a claim number assigned and Proof of Loss forms will be provided to the Local Union for their use in filing the claim.

Upon receipt of the Proof of Loss, the Local has 120 days from the date the information concerning the potential loss was uncovered to file the completed Proof of Loss with the insurance company.

IF YOU NEED MORE TIME

Under some circumstances you may not be able to file the completed Proof of Loss form within the four months allowed. Should you require an extension of time to file the Proof of Loss, the request should be made, **IN WRITING**, to the Compliance Department at CWA Headquarters who will forward the request to the bonding company. This request should state the reason for the delay (ie. "Department of Labor has all the records...") and how much additional time is needed.

HOW TO FILE THE PROOF OF LOSS

The Proof of Loss form should be completed in as much detail as possible on the face of the form itself. Documentation supporting the claim would be attached to the form. This documentation might include copies of cancelled checks, bank account records, statements of persons with knowledge concerning the loss, copies of audits, etc. Additionally, a statement of the manner in which the loss was sustained should be placed on the back of the form. Please advise as to whether or not the Labor Department or any other authorities are presently involved or will be involved in the matter.

Note: If more than one person is being charged, a separate Proof of Loss should be submitted on each individual.

Upon completion of the forms, they should be signed by an authorized representative of the Local, notarized, and then TWO sets forwarded to the bonding company. A third set should be kept for your own records. Please note that each form should have a full set of documentation attached to it.

LOCAL COLLECTION OF DUES

If your Local has:

A bargaining unit (wholly within your Local) with less than fifty (50) members, that is not a telecommunications systems company, it may sign up for the local collection of dues program.

Under this program, the employer sends the dues check directly to the Local. The Local then remits the International's per capita. The International will send each Local in this program a monthly itemized report based on the membership data available from the previous month. The Local marks the report with any necessary adjustments and attaches it with the check for the International's per capita. The following month's report will reflect the changes.

To sign up for this program, contact the Membership Dues Department at 1/800/232-4166.

WHAT DOES PER CAPITA MEAN?

The International's portion of dues collected is called per capita. Only convention delegates can decide our dues structure. Our current per capita was established by the 1979 convention. The per capita to the International is forty percent of minimum monthly membership dues for each person required to pay dues to the Local. Minimum dues are 23 hours with the 3 hour going into the Member Relief Fund.

LOCAL SECRETARY - DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Secretary are to:

- Share responsibility for internal and external organizing.
- Make worksite visits.
- Provide a communication link between members and the President.
- Perform all duties as required by the CWA Constitution and Local Bylaws.
- Maintain a current record of Local membership (H-166 Report).
- Record minutes of all Local meetings.
- Maintain files:
 - Membership
 - Reports
 - Grievances/Arbitration cases
 - Correspondence
- Furnish International and District with proper records and reports as required.
- Handle correspondence.
- In cooperation with Treasurer, implement budget.
- Inform President and (Executive) Vice President of changes in International and/or District procedures.
- Remind President of items for agendas of meetings.
- Cooperate with other officers in furnishing proper reports to government.
- Become involved in Local decision-making processes.
- Work as a member of the Local Officers' team.

MEMBERSHIP DUES REPORT H-166

LOCAL SUMMARY H-167

The membership dues report H-166 contains information on payments and changes received for all members, agency fee payers and nonmembers.

This report is generated monthly for each bargaining unit by the International and is sent to the Local for its review and records.

A Local Summary (H-167) is sent with each H-166 report.

The H-166 report is the foundation of the Secretary's job.

The report documents the Local's total dues income and provides important membership information.

The Local should carefully review all comments on the H-166 and notify the District Dues Coordinator or International in writing of any discrepancies.

Use the appropriate form below for this:

MLO-117: To make someone a member.

MLO-120: To change someone from member to nonmember or from a member to an agency fee payer.

MLO-169: To change address or to make name correction.

MLO- 81: To set someone up as cash member to pay dues directly to Local.

WHY DO WE GET SO MANY H-166 REPORTS?

An H-166 report is sent to the Local for each processing unit. For example, if a Local has members in Ohio Bell, AT&T and University of Akron, the Local would receive three H-166 reports.

Each H-166 report may have up to seven sections as follows: (All employees are listed in the first three sections.)

\$ Member Report (H-166A)

Nonmember Report (H-166B)

\$ Agency Fee Report (H-166C)

Cancellation of Dues Authorization Report (H-166D)

Dues Received No MLO-117 Report (H-166E)

Pending Agency Fee Deduction by Employer Report (H-166F)

Pending Dues Deduction by Employer (H-166G)

EXAMPLE OF WHAT YOU WILL RECEIVE FROM THE INTERNATIONAL

If your Local has members in three processing units, let's say Ohio Bell, AT&T and the University of Akron, you will receive the following reports, checks and summaries:

Ohio Bell	AT&T	University of Akron
H-166 (7 sections)	H-166 (7 sections)	H-166 (7 sections)
Local Summary	Local Summary	Local Summary
Dues Check*	Dues Check*	Dues Check*
Local Statement	Local Statement	Local Statement

* The dues for two or more of these units could be sent to the Local on the same check.

MEMBERSHIP DUES REPORT H-166

HOW TO USE THE H-166

KEEP TRACK OF CHANGES

Every month you should compare the current month's H-166 report with previous months. Note and review the differences. For example, additions (new employees) or changed status (from member to nonmember) or member dropped completely from print-out.

If you have a personal computer in the Local, the MUMS software will automatically provide you with a print-out of monthly changes.

DECIDE WHAT YOU WILL DO WITH CHANGES FOUND

Additions (new employees): Make a list by work locations of all new employees and give this list to the appropriate officer or steward. Ask them to contact the new employee and sign them up in the union. Follow up on this with the next H-166 report.

Change of status (member to nonmember): Make a list by work locations of all individuals who have changed status from member to nonmember. Give these lists to the appropriate officer or stewards. Ask them to contact these individuals and determine what their status is. If they did change to nonmember status, try to sign them back into the union as a member. Follow up on these lists with the officers and the H-166.

Discrepancies: If the change is a mistake, use the appropriate CWA form to report errors to your District Dues Coordinator or International.

INTERNAL ORGANIZING

The H-166 reports can be used as a starting point for internal organizing. Request from the International (use CWA Form MLO-122) a department sort sequence for your H-166, or if it's more convenient to have monthly H-166 in name sequence, you can order special alpha listing by using Form MLO-123.

Give each steward a list of the nonmembers in their department. Ask the stewards on the list who they can contact and ask to join the union. Make this a standard part of all stewards meetings.

MEMBER IDENTIFICATION CODE

CODE	DESCRIPTION
1	HIRED AS A NONMEMBER
2	EXPELLED MEMBER WHO CANCELED DUES DEDUCTIONS
3	FORMER MEMBER - ALLOWED TO CANCEL MEMBERSHIP
4	AGENCY FEE PAYER
5	EXPELLED MEMBER REQUIRED TO PAY AGENCY FEES
6	AGENCY FEE PAYER (FORMER MEMBER)
8	RELIGIOUS OBJECTOR
A	REINSTATED MEMBER - NO INITIATION FEE
D	DOUBTFUL - MEMBER CODE UNKNOWN
N	MEMBER - PAID INITIATION FEE
R	REINSTATED MEMBER - PAID INITIATION FEE
W	MEMBER - INITIATION FEE WAIVED

MINUTES OF UNION MEETINGS

PURPOSE

Minutes are the official, permanent record of the activities and official actions of the Local and must be taken at all meetings whether Executive Board, Local committees or membership. Minutes also serve as a reminder to members of what went on at the last meeting. They should be retained indefinitely in the Local files since they may be necessary to substantiate Local actions at some future date. Minutes need not be word for word, but must be clear and accurate so that when they are referred to at a later date there is no doubt what action the members took (or didn't take) regarding the business brought up.

MINUTES MUST RECORD MOTIONS AND ACTIONS, SUCH AS

- Committing the Local to a particular policy.
- Committing the Local to a particular course of action.
- Authorization to spend Local funds.
- Approval of membership action.
- Approval of Bylaw amendments.
- Officer elections.
- Committee recommendations.
- Trial Court hearings, etc.

WRITING MINUTES:

After a little practice, most Secretaries find taking minutes fairly easy.

Take notes during the meeting. Have a copy of the agenda of the CWA Order of Business in front of you as a guide.

Rewrite the minutes as soon as possible; if you are not sure how it sounds, read it aloud to yourself.

Copy the minutes into the "Minute Book." The final copy of the minutes should be in ink (or typed) and kept in a bound book. Minutes for different kinds of meetings should be kept in different books.

If a correction is made in the minutes at the next meeting, the Secretary writes the correction at the end of the minutes and initials it.

MINUTES INCLUDE:

- Name of organization
(Communications Workers of America, Local 0000, for example)
- Kind of meeting (regular, special, Executive Board, etc.)
- Date and time of meeting.
- Place of meeting.
- Chair of meeting; roll call or officers with absentees noted.
- Quorum of members present.
- Action taken on minutes of last meeting.
- Brief summary of reports of committees, delegates, officers and others, including financial report - show what action, if any was taken on reports.
- Wording of every motion and action taken that comes to a vote must be included along with a note explaining whether it was passed or lost. (This is very important.)

Secretary must get correct wording of the motion; ask the Chair to repeat the motion if in doubt.

Nor necessary to write up discussion on a motion; some secretaries summarize debate on important motions.

Exact vote for and against the motion should be included in minutes, whether vote was by ballot, roll call or count of hands.

Names of members making motions should be reported.

- Time of adjournment.
- Signature of Secretary
- Approval of presiding officer.

MINUTES DO NOT INCLUDE:

The Secretary should not include personal opinions or evaluations. Such phrases as "a brilliant suggestion," "very heated discussion" or "an able report" do not belong in the minutes. The Secretary is a recorder of events, not an interpreter of sentiment.

LOCAL FILING SYSTEM

A simple filing system is absolutely necessary in conducting the Local business. Several types of files are needed.

ACTION FILE

An action file should be kept by each Local Officer.

All matters which require attention or action should be kept in these files until the problem is solved or appropriate action taken. Nothing on such matters should be transferred to the regular files until the problem is solved or appropriate action is taken.

When a letter is opened, it should be directed to the attention of the person responsible for action on it. That individual should also have an action file in which to keep it. In this way, no matters are overlooked.

Some Locals have purchased red folders for use as action file folders. A red folder is easier to spot and keep track of on a busy desk.

FOLLOW-UP FILE

Copies of letters mailed by the Local which require a reply should be placed in a file for follow-up action.

This file should be a folder, indexed by number from 1 to 31, representing the days of the month.

The copies should be placed under the appropriate date, usually ten days after the letter is mailed, to allow reasonable time for the recipient to answer.

This file should be checked every day and a reminder letter sent if a reply is not received after a reasonable wait.

CORRESPONDENCE FILE

The purpose of filing is to keep letters and records which the Local may need in the future. It is not necessary to keep every piece of correspondence or every leaflet received. However, when in doubt, it is best to save it -- then go through the files once a year and throw out all materials no longer in use.

Generally speaking, it is a good rule to keep all letters written by hand or individually typewritten. They are usually important.

Official letters from CWA should be kept and filed.

Experience has shown that a subject file system works best for most Locals. This is a system in which letters are filed according to the subject discussed. For example, a letter on pensions is filed under "pensions."

Correspondence files, such as these, are the property of the Local. When a secretary goes out of office, files should be turned over to the new secretary immediately.

GRIEVANCE FILE

Every Local should keep a file of written grievances. This file may be kept according to the date the grievance was written or by the subject of the grievance (seniority, overtime, wage rates, safety, etc.)

ARBITRATION FILE

A file should also be kept on every arbitration case, containing all the background materials, briefs, etc.

OTHER FILES

Other files the Local may wish to maintain for bargaining or grievance purposes are:

- Copies of employer notices regarding hours, policy, vacation, etc.
- Reports published by the employer on the insurance plan, number of pensioners, etc.