



November 4, 2005

Ms. Mirian Jackson, Treasurer  
AFGE Local 3354  
PO BOX 366  
St. Louis, Missouri 63166

Dear Ms. Jackson:

This office has recently completed an audit of AFGE Local 3354 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 on October 24, 2005, 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.

The CAP disclosed a recordkeeping violation during the audit of Local 3354's 2003 and 2004 records. Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least five years so that each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified.

The audit revealed that union officers failed to retain adequate documentation for some reimbursed expenses during the two-year period. The local must retain invoices or other forms of back-up documentation detailing reimbursements even if they have been approved by the membership. For example, a payment of \$789 was made to Sharon Cooney-Smith on May 16, 2003. This payment was recorded on the ledger and supported by a voucher that claimed the payment was for a shopping trip union members took to Gurnee, Illinois. However, you did not have any documentation to support the specific purpose for the reimbursement.

With respect to documentation retained in support of disbursements, the retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation showing the nature of the union business requiring the disbursement and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on the invoice providing additional information.

As agreed, Local 3354 should maintain all adequate documentation for its disbursements in the future.

The CAP also disclosed a violation of LMRDA Section 201(b), because the Labor Organization Annual Reports (Form LM-3) filed by Local 3354 for fiscal years ending December 31, 2003, and December 31, 2004, were deficient in the following area:

The audit revealed that expenses were not reported for several officers listed on the Form LM-3 for fiscal years ending in 2003 and 2004. The local's disbursement records indicated that some officers received per diem payments for meals, mileage reimbursement, and other expense payments. All direct disbursements to your union's officers must be included in the amounts reported in Item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value.

An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

I am not requiring that Local 3354 file an amended LM-3 report for 2003 or 2004 to correct the deficient item, but as agreed, your union will properly report the deficient item on all future reports filed with this agency.

Lastly, the audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 3354's officers and employees are currently bonded for \$10,000, but they must be bonded for at least \$12,062. As we discussed, the union should obtain adequate bonding coverage for its officers and employees and provide proof of bonding coverage to this office as soon as possible.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Ms. Cooney-Smith's successors at whatever time you may leave office.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

Dennis L. Eckert  
District Director

By: *7CC*  
Investigator

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