

U.S. Department of Labor

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Office of Labor-Management Standards
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November 21, 2008

Ms. Victoria Mitchell, President
AFSCME AFL-CIO
Local 107
75 Varick Street - 14th Floor
New York, NY 10013

LM File Number 507-222

Case Number: [REDACTED]

Dear Ms. Mitchell:

This office has recently completed an audit of AFSCME Local 107 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 9/30/2008, 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 107's 2006 records revealed the following recordkeeping violations:

1. Missing Credit Card Statements

Several of Local 107's credit card statements were missing during the audit. The local made contact with the credit card company and provided OLMS with the missing statements during the audit when requested.

2. Missing Meeting Minutes

Local 107 did not retain meeting minutes for the local's March 2007 general meeting and the local's executive board meeting minutes for January 2007, February 2007 and March 1, 2007.

3. Disbursements Not Properly Reflected in Disbursements Journal

Several disbursements were reflected in the local's bank statements but not properly reflected in the local's disbursements journal. For example, Check # [REDACTED] dated 7/1/2006 was made payable to the New York City Central Labor Council for \$140. This check was reflected in the local's bank statements, however it was not recorded in the local's disbursements journal. Check # [REDACTED] dated 8/28/2006 was made payable to Union Plus Corporate Card for \$933.71. This check was reflected in the local's bank statement. The check number was recorded in the local's disbursements journal, however, no amount was indicated. Check # [REDACTED] dated 10/19/2006 for \$35 was identified in the local's disbursements journal as voided. Review of the local's bank statements; however, show that this check was cashed. The union identified these discrepancies as clerical errors on the part of the union.

Based on your assurance that Local 107 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

During the audit, it was determined that a total of \$145 of undeposited receipts was used for petty cash purposes. The expenditures were approved by the Executive Board and proper back-up documentation existed. OLMS recommends that Local 107 deposit all receipts and pay all disbursements by check to petty cash. This will improve internal control of union funds.

Local 107 reported that they did not maintain a receipts journal. The local also did not maintain a running balance in their disbursements journal.

I want to extend my personal appreciation to AFSCME Local 107 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 contact Investigator [REDACTED] at [REDACTED].

Sincerely,

[REDACTED]
Supervisory Investigator

cc: Bettie Hampton, Treasurer