



June 14, 2012

Mr. Richard Hampton, President
AFSCME Local 3017



Case Number: [REDACTED]
LM Number: 543308

Dear Mr. Hampton:

This office has recently completed an audit of AFSCME Local 3017 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 May 24, 2012, 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 3017's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 3017 did not retain adequate documentation for reimbursed expenses incurred by President Bradford Janzen totaling at least \$506.00. For example, Local 3017 did not maintain any supporting documentation for check number [REDACTED] dated January 27, 2010 to Bradford Janzen in the amount of \$220.00.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 3017 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, supporting documentation for check number [REDACTED] dated August 26, 2010 in the amount of \$554.00 payable to the Sterling Family Restaurant did not include the purpose of the meals or the names of the attendees. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Receipts and Disbursements Journals

Local 3017 did not maintain receipts and disbursements journals. Unions should retain financial records that clarify or verify any report filed with the Office of Labor Management Standards (OLMS). Local 3017 should maintain receipts and disbursements journals (or similar records) to record all monies received and spent by the union.

Based on your assurance that Local 3017 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit 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-4) filed by Local 3017 for the fiscal year ended December 31, 2010, was deficient in the following area.

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 3017 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 3017 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 3017 file an amended LM report for 2010 to correct the deficient items, but Local 3017 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 3017 did not have proof that it was covered by a fidelity bond in the amount of \$10,000.00. Local 3017 should provide proof of bonding coverage to this office as soon as possible, but not later than June 29, 2012.

Other Issue

Multiple Reimbursement

The audit revealed that former Treasurer [REDACTED] received a reimbursement from the union of \$225.00 on December 13, 2010 for consumer gift cards that were given to individuals during the holidays. However, Ms. [REDACTED] also received another reimbursement of \$225.00 for these gift cards on June 29, 2011. Ms. [REDACTED] has promptly repaid \$225.00 to Local 3017 for this second reimbursement. No further action will be taken.

I want to extend my personal appreciation to AFSCME Local 3017 for the cooperation and

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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,

A solid black rectangular box redacting the signature of the investigator.

Investigator