



October 13, 2010

Mr. Scott Ciafullo, President
AFT Local 8023
423 E. High Street
Jefferson City, MO 65101

Case Number: [REDACTED]
LM Number: 541225

Dear Mr. Ciafullo:

This office has recently completed an audit of AFT Local 8023 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 Office Manager Karen Snyder on October 7, 2010, 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 8023's 2009 records revealed the following recordkeeping violations:

General Disbursements

Local 8023 did not retain adequate documentation for disbursements made by the local totaling at least \$2,300. The local issued an \$800 check to [REDACTED] on October 2, 2008, and a \$1,500 check to [REDACTED] on October 23, 2008. Backup documents could not be located to support and clarify these disbursements.

As previously 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.

Based on your assurance that Local 8023 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-2 filed by Local 8023 for fiscal year ending June 30, 2009, was deficient in that the report was not completed on a cash basis. The purpose of the report is to report the flow of cash in and out of the labor organization during the reporting period. Since Statement B reports all cash flowing in and out of the organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or a disbursement.

I am not requiring that Local 8023 file an amended LM report for 2009 to correct the deficient items, but Local 8023 has agreed to properly report its cash flow on all future reports it files with OLMS.

Other Issue

Use of Signature Stamp

It is Local 8023's practice for Scott Ciafullo to sign all union checks and to stamp the signature of Treasurer Cheryl A. Carr on union checks. A two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature

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requirement. OLMS recommends that Local 8023 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to AFT Local 8023 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