

**U.S. Department of Labor**

Employment Standards Administration  
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April 14, 2008

Ms. Cheryl Whitten, Treasurer  
AFSCME Local 993  
RR 3, Box 785  
Vandalia, IL 62471

LM File Number 542-889

Case Number: [REDACTED]

Dear Ms. Whitten:

This office has recently completed an audit of 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 April 10, 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 993's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 993 did not retain adequate documentation for reimbursed expenses incurred by [REDACTED] totaling at least \$488. For example, Former President [REDACTED] attended a president's meeting in March and newsletter training in November. He received lost time and travel expenses for both trips, but reimbursement vouchers were not retained.

Adequate documentation was also not retained for expenses incurred by the local totaling at least \$12,248. For example, the local did not retain a receipt for \$9,925 worth of commissary gift cards to be distributed to members as holiday gifts.

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.

2. Lost Wages

Local 993 did not retain adequate documentation for lost-wage reimbursement payments to union officers and employees. The union must maintain records in support of lost-wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 993 retained reimbursement vouchers for nearly all lost-time claims, but the applicable rate of pay and the number of claimed lost-time hours were not included on these vouchers. For example, the vouchers stated that an officer/member was paid for 1 day of lost time at \$180.74. The voucher should state that the officer/member was paid for 8 hours of lost time at \$22.59 per hour, which totals \$180.74.

3. Lack of Salary Authorization

Local 993 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized

amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 993 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-3) filed by Local 993 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers

Local 993 did not include some reimbursements to officers totaling at least \$1,180 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46 (To Employees) or 54 (Other Disbursements).

Also, Local 993 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 993 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 Expense).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 A and B are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. It also appears that the figure reported in Item 55 (Total Disbursements) is not correct. Items 45-54 may be incorrect; therefore, recalculation of these items will be required to obtain a correct figure for Item 55.

3. 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. The last set of bylaws was submitted in 2004. Local 993 amended its constitution and bylaws in the past four years, but did not file a copy with its LM report for that year.

Local 993 has now filed a copy of its constitution and bylaws.

Local 993 must file an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than April 30, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violation


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.

Local 993 was not able to provide a copy of the current bond certificate. Local 993 should obtain a copy of the current bond certificate for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than April 30, 2008.

Ms. Cheryl Whitten  
April 14, 2008  
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I want to extend my personal appreciation to Local 993 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

cc: Tony Simmons, President