

June 23, 2005

Darlene Boyce, Financial Secretary
AFSCME Local 790

Re:

Dear Ms. Boyce:

This office has recently completed an audit of Local 790 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 June 2, 2005, the following problems were discussed 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.

In violation of Section 206 of the LMRDA, Local 790 failed to maintain backup documentation for all disbursements. For example, no backup documentation was maintained for a \$185.99 travel reimbursement made to President Mike Mekleberg. The local also failed to maintain backup documentation for the purchase of (15) \$20 Tops gift certificates.

The compliance audit disclosed that Local 790 disbursed \$8,369.50 in strike fund assistance payments. The local failed to maintain backup documentation for these disbursements. There is no mention in meeting minutes of approval of strike fund disbursements, nor is there a record of which members received payments and how much they received.

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 by which each receipt and disbursement of funds, as well as all account balances can be verified, explained, and clarified.

As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

As agreed, provided that Local 790 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 790 for fiscal year ending August 31, 2004 was deficient in the following areas:

- The local incorrectly reported that Darlene Boyce was the treasurer, and that she received \$431.00 in allowances and other disbursements. Boyce did not assume the responsibilities of treasurer until September of 2004, nor did she receive any compensation during the audit year. Ruth Hall, who was not reported on the LM-3, was the treasurer during the audit year. Hall received \$435.00 in allowances and other disbursements.

The local failed to report in Item 24 a disbursement to Mike Mecklenburg of \$185.99 for travel reimbursement.

- The local failed to report in Item 24 disbursements made to Vice President Tod Locher totaling \$229.82 for assistance during the strike.

Please note that all direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its 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).

An amended LM-3 report for Local 790 has been filed with our office correcting the above referenced deficiencies.

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 Mr. Locher's successors at whatever time you may leave office.

I want to thank Local 790 and staff for their 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,

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Investigator