



April 18, 2013

Ms. Aisha Lavender, Treasurer
AFGE Local 104
1 Archives Drive
St. Louis, MO 63138

Case Number: 550-11674 ()
LM Number: 516832

Dear Ms. Lavender:

This office has recently completed an audit of AFGE Local 104 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 President Michael Harris on March 27, 2013, 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 104's 2010, 2011, and 2012 records revealed the following recordkeeping violations:

1. Failure to Retain Adequate Backup Documentation for Disbursements

Local 104 did not retain adequate documentation for disbursements. Examples are listed below –

- Check [REDACTED] was written to Lakeside Collection on September 10, 2010 for \$1,485.05. The local retained a handwritten order form, but did not retain a receipt, bill, or invoice from Lakeside.
- Check [REDACTED] was written to Butterball Turkey Gift Program on October 20, 2010 for \$3,079.65. The local did not retain a receipt, bill, or invoice from Butterball.
- The local wrote two checks to Down Home Elegant Dining totaling \$8,986.50 in 2011; however, the local did not retain a receipt, bill, or invoice for these disbursements.

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. Checks Written to Officers/Representatives

Local 104 wrote checks to officers and representatives to cash. The cash was to be used to purchase items and/or services for the local. Local 104 did not retain adequate backup documentation to verify that the money was used for union purchases exclusively.

Examples are listed below –

- Check [REDACTED] was written to Treasurer Aisha Lavender for \$1,500 on April 2, 2010. Receipts were retained for \$1,462.17. No additional records were retained to verify how the remaining \$37.83 was spent.
- Checks [REDACTED] and [REDACTED] were written to President Michael Harris and Treasurer Aisha Lavender on November 17, 2010. Both checks were written for \$7,500. These checks were to be cashed and \$100 bills were to be distributed to membership for Thanksgiving gifts. Receipts were written for each member who received the \$100 and the member was required to sign the receipt. It was determined that only 144 receipts were written, which indicates only \$14,400 was given away to membership. The local did not keep any additional records to verify how the remaining \$600 was spent.
- Check [REDACTED] was written to Treasurer Aisha Lavender for \$440 on April 26, 2011. Receipts were retained for \$406.14. No additional records were retained to verify how the remaining \$33.86 was spent.
- Check [REDACTED] was written to former Recording Secretary [REDACTED] for \$180.66 on July 20, 2011. Receipts were retained for \$152.34. No additional records were retained to verify how the remaining \$37.20 was spent.
- Check [REDACTED] was written to former Recording Secretary [REDACTED] for \$750 on May 17, 2012. Receipts were retained for \$670.89. No additional records were retained to verify how the remaining \$112.13 was spent.

3. Meal Expenses

Local 104 did not require officers and employees to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 104 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, Check [REDACTED] was written to Treasurer Aisha Lavender for \$130.00 on August 23, 2011. The check was to be used to pay for lunch for an officer and representative meeting at The Kitchen. Only one receipt for \$24.79 was retained and no required information including the names of attendees and the union purpose of the meeting was recorded. No other receipts were retained to verify how the remaining cash was spent. 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.

4. Reimbursed Auto Expenses

Union officers and representatives who travel to other sites for union business are given a gas stipend for use of their personal vehicles. Adequate documentation to support payments to them was not retained by the local. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

5. Failure to Record Receipts

Local 104 did not record in its receipts records some employer dues check-off checks, which were direct deposited into the local's checking account, totaling at \$6,514.94 in 2011 and \$2,479.42 in 2012. For example, a direct deposit of \$1,284.66 was made by AFGE on January 9, 2012; however, this deposit was not recorded in the local's records. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

6. Information not Recorded in Meeting Minutes

During the audit, OLMS was advised that membership approves a yearly budget at the beginning of each year and the executive board approves individual disbursements. However, many of the meeting minutes do not contain adequate information regarding discussion and approval of disbursements. Multiple meetings were cancelled, which

resulted in no discussion or approval of disbursements. Also, meeting minutes were not taken at meetings where the recording secretary was not present.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 104's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local 104 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you and President Harris, the audit revealed that Local 104 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. Also, the local does not have a clear, written policy regarding per diem. OLMS recommends that Local 104 prepare and approve a written policy to prohibit officers of the local from using union funds and property for personal benefit. Please provide a copy of the approved policy to this office by faxing it to 314-539-2626.

Personal use of union funds and property may be prosecuted criminally under the provisions of 29 USC 501(c) of the LMRDA.

2. Duplicate Receipts

OLMS recommends that Local 104 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to AFGE Local 104 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,

[REDACTED]

Investigator

cc: Mr. Michael Harris, President
Mr. Mike Kelly, National Vice President