

U.S. DEPARTMENT OF LABOR  
EMPLOYMENT STANDARDS ADMINISTRATION

OFFICE OF LABOR-MANAGEMENT STANDARDS  
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August 22, 2005

Re:

Pamela Lewis-Freeman, Treasurer  
AFSCME Local 2793  
18107 Anglin  
Detroit, MI 48234

Dear Ms. Freeman:

This office has recently completed an audit of AFSCME Local 2793 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, as Amended (LMRDA). As discussed with you during the exit interview on July 28, 2005, 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.

The CAP, which covered your union's fiscal year ending on December 31, 2004, disclosed several violations of the recordkeeping requirements of Title II of the LMRDA. Section 206 requires that unions maintain financial records and other related records that explain, clarify, or verify any report filed with the Office of Labor-Management Standards (OLMS). This includes the union annual financial report filed on Forms LM-2, LM-3, or LM-4. Records must be retained for 5 years after a report is filed. As a general rule, all types of records used in the normal course of doing union business must be retained. Examples of records you should retain include receipts and disbursement journals, cancelled checks and check stubs, bank statements, dues collection receipts, employer checkoff statements, per capita tax reports, payroll records, etc. In addition, a union must obtain adequate backup records such as receipts and vouchers from parties with whom the union engages in financial transactions.

The following recordkeeping deficiencies were noted during the CAP:

- With respect to income, the date that money is received by your union, the amount, the identity of the source, and the purpose(s) of the payment must be recorded in at least one union record. Your union failed to keep any such record for the audit year.

- Your union failed to keep the minutes of all membership and executive board meetings. During the CAP, the executive board meeting minutes were unable to be provided to substantiate that a monthly allowance increase from \$40 to \$75 per month for the secretary-treasurer was voted on and approved by the executive board in 2002. Authorization and approval of large or unusual disbursements and a full understanding of the level of wages, allowances, and expenses to which your union's officers and members are entitled should be recorded in the minutes of membership or executive board meetings if they are not fully covered in your union's constitution and bylaws. In addition, Article 12 of your union's constitution states that a monthly expense allowance is issued to union officers when monthly executive board meetings are attended. Therefore, the purpose and legitimacy of some payments to union officers could not be verified.
- Your union failed to retain bills, invoices, receipts, etc., or other detailed records for all disbursements. A bill was unable to be provided for your union's surety bond report expense for 2004 and during the exit interview you indicated that a bill was not received.

With respect to supporting documentation for disbursements, the recordkeeping requirement can be most easily satisfied with a sufficiently descriptive bill, invoice, receipt, etc., that identifies the vendor's name and address, the date and amount of the transaction, and the goods or services provided. If a receipt is not sufficiently descriptive, then the union should note the missing information on the receipt. If the business purpose of the disbursement or the identity of the recipient(s) of the goods or services is not self-evident, then the union must note such information on the receipt or some other record. If a receipt is not provided by a vendor, then the union must create a record containing the above information with a notation that original documentation was not provided.

As ~~you~~ stated at the exit interview, provided that AFSCME Local 2793 maintains adequate financial and other related records in the future, no additional enforcement action will be taken regarding this violation. As your union's treasurer, you and the union's President, Joanne Dean, are personally responsible for properly maintaining your union's records. You should be aware that Section 209(a) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful concealment, withholding, or destruction of records or for the falsification of records.

The CAP disclosed violations of the reporting requirements of Title II of the LMRDA. Section 201(a) of the LMRDA requires a union whose constitution and bylaws changed during a reporting period (other than rates of dues and fees) to attach two dated copies of the new constitution and bylaws to the annual financial report (Forms LM-2, LM-3, or

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LM-4) it submits to OLMS. Your union failed to submit a copy of its bylaws with its LM report when the bylaws were last amended. During the CAP opening interview, you provided a copy of your amended bylaws.

Section 201(b) of the LMRDA requires unions to file financial reports annually with OLMS. A cursory examination of your union's Form LM-4 for the fiscal year ending December 31, 2004, revealed deficiencies in your union's total receipts figure in Item 16. The audit determined there was a deposit made in December 2004 in the amount of \$213.70 that was not reported. In addition, the reported payments to officers/employees in Item 18 is inaccurate. The reported payment amounts should include the total amount of expenses paid to officers/employees for monthly allowances, in addition to any other reimbursable expenditures (i.e. postage, office supplies, etc.).

At this time, I am not requiring you to correct your union's reporting deficiencies by filing an amended LM-4 report, since you agreed at the exit interview to properly complete the items discussed above on all future reports filed with OLMS.

I request that you pass on this letter and the compliance assistance materials that were provided to you at the exit interview to your and Ms. Dean's successors at whatever time you may leave office.

I want to extend my appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

  
Ian Burg, District Director  
Detroit District Office – OLMS

CC: Joanne Dean