



May 4, 2012

Mr. Steven Kowalik, Treasurer
AFSCME Council 8 Staff Employees Union
[REDACTED]

Case Number: [REDACTED]
LM Number: 514295

Dear Mr. Kowalik:

This office has recently completed an audit of AFSCME Council 8 Staff Employees Union 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 February 17, 2012, 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.

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 AFSCME Council 8 Staff Employees Union for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

AFSCME Council 8 Staff Employees Union erroneously calculated amounts in Item 24 (All Officers and Disbursements to Officers). You were instructed that Council 8 Staff Employees Union must report most direct disbursements to the 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 did not disclose all disbursements on the LM-report. In addition, the union erroneously reported the same amounts on the LM-3 Report for the fiscal years ending December 31, 2009 and December 31, 2010. The instructions for Item 25 states that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

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. Council 8 Staff Employees Union amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Council 8 Staff Employees Union has now filed a copy of its bylaws.

4. Underreported Expenses

Council 8 Staff Employees Union did not report all expenses on the 2010 LM-3 report because you did not know which Line Item to record the amount. For example, hotel expenses that were paid for all the officers, jackets for new members, and food for officers during an executive board meeting were omitted from the 2010 LM-3 Report. All these expenses were paid to the vendor with a union check. Hotel expenses for officers and food for executive board meetings should be reported in Item 48 (Office and Administrative Expense). In addition, the jackets that were purchased for new members must be reported in Item 52 (Purchase of Investments and Fixed Assets). All expenses incurred by the union must be reported on the LM report.

Council 8 Staff Employees Union must file an amended Form LM-3 for the fiscal years ending December 31, 2009 and December 31, 2010, 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). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 25, 2012. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Recommendation

Expense Voucher

AFSCME Council 8 Staff Employees Union did not retain adequate documentation for reimbursed expenses incurred by the union officer for the fiscal year ending December 31, 2010. For example, Council 8 Staff Employees Union did not maintain all supporting documentation for officers' travel expenses. The union did not have an expense voucher for officers' expenses. Instead you documented the expense on the check stub. The union was informed that all entries on the LM-3 report must be supported by documentation to ensure the accuracy and completeness of the LM-3 report filed with the Secretary of Labor.

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.

I want to extend my personal appreciation to AFSCME Council 8 Staff Employees Union 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: Mr. Stevan Pickard, President
Mr. Stephen Roberts, Vice President