



July 29, 2010

Ms. Kelly Allport, President
AFSCME Local 1205
4981 Millwood Court
Green Bay, WI 54313-7563

Case Number: [REDACTED]
LM Number: 540935

Dear Ms. Allport:

This office has recently completed an audit of AFSCME Local 1205 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, Executive Vice President Connie Hohne, and Secretary Laura Wesoloski on July 29, 2010, 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 1205's 2009 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 1205's receipts ledger reflect the date that Local 1205 members received their bi-weekly payroll checks, not the date that Local 1205 actually received the dues check off money from the American Red Cross. During 2009, all money from the American Red Cross was deposited directly into Local 1205's general fund checking account.

Receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that receipts must be recorded when money is actually received, and disbursements must be recorded when money is actually paid out. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received.

2. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$300 during 2009. Most of the reimbursement claims for mileage were documented on an expense voucher; however, the vouchers did not identify the destinations that were traveled to and from or the mileage rate claimed.

Local 1205 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.

3. Cell Phone Expenses

During the audit year, former President [REDACTED] received more than \$500 in payments from Local 1205 for the reimbursement of a portion of her personal cellular phone bill. The only documentation that was maintained for these expenses was a copy of the monthly summary page of each cell phone bill.

If Local 1205 pays for any business calls made from an individual's personal cell phone, or pays the entire cell phone bill, either as a direct payment to the cellular phone company or as a reimbursement to the individual, Local 1205 must retain the original phone bill in its entirety.

Based on your assurance that Local 1205 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 LM-3 filed by Local 1205 for the fiscal year ended December 31, 2009 was deficient in the following areas:

1. Disbursements to Employees (Item 46)

During the audit year, Local 1205 disbursed more than \$750 to bargaining committee members as stipends and for expenses related to bargaining. However, Local 1205 reported \$0 in Item 46 (To Employees). During the audit, former Treasurer Olsen verified that it is likely that the disbursements to employees were reported in Item 54 (Other Disbursements).

The LM-3 instructions state that the amount to be reported in Item 46 includes all disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them.

2. 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. Local 1205 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 1205 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1205 file an amended LM report for 2009 to correct the deficient items, but Local 1205 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Expense Policy

As I discussed during the exit interview, the audit revealed that Local 1205 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement, including reimbursed auto expenses, cell phone expenses, and lost wages. For example, during the collective bargaining process for the 2008 contract, Local 1205 disbursed over \$12,000 to bargaining committee members for wages and other expenses related to negotiations. The Local 1205 by-laws do not contain specific provisions regarding the authorization of such disbursements nor do the union meeting minutes reflect that these disbursements were authorized by the executive board or membership at a meeting. OLMS recommends that Local 1205 adopt

written guidelines concerning such matters to help ensure effective internal controls and safeguard union assets.

I want to extend my personal appreciation to Local 1205 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: Ms. Connie Hohne, Executive Vice President
Ms. Diane Kuse, Treasurer
Ms. Laura Wesoloski, Secretary