

U.S. Department of Labor

Office of Labor-Management Standards
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March 12, 2013

Mr. Adam Guarino, President
State, County, & Municipal Employees, AFL-CIO
Local 2786
Desales Annex, 150 Martin Road
Lackawanna, NY 14218

Case Number: 120-09269 [REDACTED]
LM Number: 513855

Dear Mr. Guarino:

This office has recently completed an audit of State, County, & Municipal Employees (AFSCME), Local 2786 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 Treasurer Nicolette Bezek on March 5, 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 2786's 2012 records revealed the following recordkeeping violations:

General and Debit Card Expenses

Local 2786 did not retain adequate documentation for check and debit card expenses incurred union officers and employees totaling at least \$512. For example, on December 10, 2012 a \$414.85 purchase was made with no supporting documents available.

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.

Based on your assurance that Local 2786 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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-4) filed by Local 2786 for the fiscal year ended December 31, 2011, was deficient in that:

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 2786 amended its constitution and bylaws but did not file a copy with its LM report for that year.

Local 2786 has now filed a copy of its constitution and bylaws.

Other Issue

Single Signature Checks

During the audit, you advised that it's Local 2786 practice to have only one officer's signature on checks. This is in contrary to your union's bylaws (Article VII), which require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, one signature does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 2786 review these procedures to improve internal control of union.

I want to extend my personal appreciation to Local 2786 for the cooperation and courtesy

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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. Scott Baun, Vice President
Ms. Nicolette Bezek, Treasurer
Ms. Kathy Reyes, Treasurer