



September 19, 2022

Mr. Anthony Bento, President
Association of AFSCME Council 4 Employees
376 Williams Rd
Wallingford, CT 06492

Case Number: 110-6022272()
LM Number: 541237

Dear Mr. Bento:

This office has recently completed an audit of Association of AFSCME Council 4 Employees (ACES) 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 Secretary Nancy Sewell on September 8, 2022, 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 ACES records revealed the following recordkeeping violations:

1. Disposition of Property

ACES did not maintain sufficient records to support holiday gifts card purchased and given away to all members. The union must retain records that identify the date gift cards were given away and the recipients of those gift cards. If applicable, the union must report the

value of gift cards on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must also retain an inventory or similar record of any remaining gift cards to verify, clarify, and explain the information that must be reported in Item 30.

2. Bank Records

ACES failed to maintain records for union bank accounts closed during the period. Specifically, bank statements for closed accounts were not retained for the minimum five-year period after reports are filed, as required to verify and explain the information on the reports. As noted above, labor organizations must retain all records used or received in the course of union business.

The above items were discussed during the exit interview with Secretary Nancy Sewell, and OLMS trusts you will assure ACES will retain adequate documentation in the future. Therefore, 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 ACES for the fiscal year ended December 31, 2020, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gift cards to members totaling more than \$4,750 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

ACES did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported reimbursements to officers for flowers, and other items, in Item 51, Contributions, Gifts and Grants.

The union must report most direct disbursements to ACES 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).

I am not requiring that ACES file an amended LM report for 2020 to correct the deficient items, but ACES must properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit was not able to determine if the amount of ACES's bond is sufficient based on the most recently completed fiscal year. Further, the current bond includes a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. ACES should obtain a bond without a deductible. Please provide proof of sufficient bonding coverage without a deductible to this office as soon as possible, but not later than October 7, 2022.

Given the challenges in communication by ACES officers with OLMS during this audit, and a lack of response by your organization to this compliance audit's findings, I strongly recommend that you make sure this letter and the enclosed compliance assistance materials provided to you are reviewed and appropriately passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Senior Investigator

Enclosures

cc: Mr. Robert Montuori, Treasurer
Ms. Nancy Sewell, Secretary