



August 24, 2023

Janae Wouldfolk, President
State, County, and Muni Empls, AFL-CIO Local 140
19125 Lister
Eastpointe, MI 48021

Case Number: 320-6026064()
LM Number: 069146

Dear Wouldfolk:

This office has recently completed an audit of State, County, and Municipal Employees (AFSCME) Local 140 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 Secretary-Treasurer Tonda Marshall on August 21, 2023, 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 140's 2023 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 140 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore correctly reported.

At the opening interview, you and Secretary-Treasurer Marshall stated that there is no authorization for the payment of salaries included in Local 140's bylaws, but the salaries have been authorized "forever." You and Secretary-Treasurer Marshall further stated that since all disbursements must be voted on by the membership, the salaries were authorized at some point. However, authorization for union office salaries could not be identified in Local 140's minutes or any other union records. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

At the exit interview, you and Secretary-Treasurer Marshall provided a copy of the membership meeting minutes dated June 12, 2023, in which Local 140 authorized the current salaries for the union's officers and employees.

2. Disbursements to Vendors and General Reimbursed Expenses

Local 140 did not retain adequate documentation for disbursements it made to National Tax Service (NTS) and you totaling at least \$2,130. For example, adequate supporting documentation was not maintained for a \$2,000 disbursement Local 140 made to NTS for filing the union's tax returns and LM-3 report. In support of this payment, Local 140 only retained the carbon copy and check stub of the check issued to NTS and a photocopy of the cleared check, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$38.03 reimbursement to you for office related expenses. In support of this expense, Local 140 only retained the carbon copy and check stub of the check issued to you and a photocopy of the cleared check, which is not sufficient.

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.

3. Lost Wages

Local 140 did not retain adequate documentation for lost wage reimbursement payments to you and Secretary-Treasurer Marshall totaling at least \$731. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The audit found that Local 140 did not retain vouchers or any other detailed records for the lost wages incurred by you and Secretary-Treasurer Marshall.

Following the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 140 may use to satisfy

this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 140 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 (Form LM-3) filed by Local 140 for the fiscal year ended February 28, 2023, was deficient in the following areas:

1. Disbursements to Officers

The audit revealed that Local 140 did not include reimbursements to you totaling at least \$393 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column E (Allowances and Other Disbursements). Local 140's disbursement records indicate that you received reimbursed expenses totaling at least \$393; however, the total amount reported in Column E of Item 24 for you was \$0. Local 140 appears to have erroneously reported these payments to you in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 140 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.

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 140 amended its constitution and bylaws in 1976 but did not file a copy with its LM report for that year. Local 140 has now filed a copy of its 1976 constitution and bylaws.

I am not requiring that Local 140 file an amended LM report for 2023 to correct the deficient items, but Local 140 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Lost Wage Policy

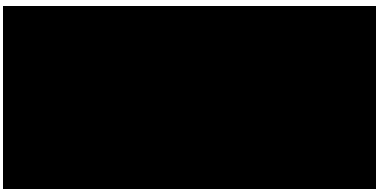
Local 140 reimburses members for wages lost at the Detroit Medical Center and Crothall Healthcare, Inc. on occasions they are absent from work to conduct union business; however, the union does not have written policies that document its lost wage reimbursement policies.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments. OLMS recommends that unions: (1) adopt clear policies and procedures for making lost time or similar payments, and (2) use vouchers that require detailed information to support lost time payments. These practices will allow the union to properly report lost time payments on the Labor Organization Annual Report, Form LM-3.

OLMS recommends that union policies and procedures for lost wages be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time. You may want to have your union's trustees or auditors compare the steps taken to pay lost time with the union's policies to make sure that all required procedures are being followed.

I want to extend my personal appreciation to AFSCME Local 140 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: Tonda Marshall, Secretary-Treasurer