



May 21, 2010

Ms. Denise Lampson, President  
State County & Muni Empls AFL-CIO, Local 1155  
501 11th Avenue West  
Ashland, WI 54806-1342

Case Number: [REDACTED]  
LM Number: 530-798

Dear Ms. Lampson:

This office has recently completed an audit of State County & Muni Empls Local 1155 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 May 7, 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 1155's 2008 and 2009 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Reimbursements to Officers

Local 1155 did not retain adequate documentation for disbursements to vendors and payments to Vice President Nancy Amrein, former Executive Board Member Harry Budreau and you for auto and other expenses totaling at least \$6,400. For example, supporting documentation was not retained for a \$989.76 check issued to the Holiday Inn in Stevens Point on April 17, 2008 for the AFSCME Council 40 convention and a \$400.00 check issued to the WERC on 01/24/2008 for an arbitration case. As other examples, supporting documentation retained for three checks issued to Hugo's Pizza totaling \$322.64 in 2008 for contract negotiations did not include the names and titles of people present, and no supporting documentation was retained for reimbursements made to Ms. Amrein, Mr. Budreau, and you for business use of your personal vehicles totaling at least \$960.00 during 2008 and 2009.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. In the case of mileage expenses, Local 1155 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 who was reimbursed for mileage expenses. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Maintain Bank Records

Local 1155 failed to retain the December 2008 Associated Bank statement for the checking and savings account, a cancelled check issued to the IRS on January 1, 2009 for \$342.02, and a cancelled check issued to the Holiday Inn on April 15, 2009 for \$493.68. As a general rule, all types of records created or used during the course of union business must be maintained by the union for five years.

3. Failure to Record Receipts, Source of Receipts, and Receipt Dates

Local 1155 does not retain a receipts journal or similar record in which the date, amount, and source of all money received is recorded. The only records retained in support of money received are stubs from employer dues checks and related reports from AFSCME Council 40 that identify the names of members who paid dues and the amounts paid by each member. However, these records alone do not identify the dates that monies were received. Receipt records must include an adequate identification of all money received. The records should show the date and amount received, and the source of the money.

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 the labor organization must record receipts when it actually receives the money and disbursements when it actually pays out money. 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.

4. Information not Recorded in Meeting Minutes

During the audit you advised that it is Local 1155 policy that non-routine disbursements be authorized by the executive board during monthly meetings. However, no minutes of the executive board meetings during 2008 and 2009 were retained. Non-routine expenses incurred during 2008 included the purchase of a retirement gift for \$88 for Kathy Carlson, former human resource director for the Ashland Memorial Medical Center. However, authorization of this disbursement was not recorded anywhere in union records.

Article VII, Section 3 of Local 1155's bylaws requires that the recording secretary "shall keep a record of the proceedings of all membership meetings and of all executive board meetings." Minutes must be maintained for all executive board and membership meetings, and minutes of all membership or executive board meetings must report any disbursement authorizations made during those meetings.

5. Lack of Salary Authorization and Supporting Documentation for Other Wages

You advised that Local 1155 officers receive a salary equal to their yearly union dues (approximately \$413 per year). However, Local 1155 did not maintain records to verify that these payments (which are reported in Column E (Allowances and Other Disbursements) of Item 24 (All Officer and Disbursements to Officers) of the LM-3) were the authorized amounts and were therefore correctly reported.

You stated that the salaries were authorized at a meeting held at least 15 years ago and should be in minutes from that meeting; however, you were unable to provide a copy of the meeting minutes. Local 1155 must keep a record, such as meeting minutes, to show the current amount of salaries authorized by the entity or individual with the authority to establish salaries.

In addition, no supporting documentation was found for two \$500.00 checks issued to you on June 4, 2008 and June 18, 2009 for what you and Ms. Amrein stated was wages for time spent working on the 2007 and 2008 books and reports. In the case of wages paid to officers in addition to their normal authorized salaries, records must be retained that identify the amount(s) authorized and the purpose (reason) for which the additional salary was paid. This information could be documented on a voucher or in the meeting minutes.

Based on your assurance that Local 1155 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 502(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 1155 for fiscal year ending December 31, 2008 was deficient in that:

#### Disbursements to Officers

Local 1155 did not report the names of some officers and in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether they received any payments from the union. During the audit, you advised that Local 1155 had three trustees in 2008 that were not reported on the LM Report because they received no payments from the union. In addition, Local 1155 did not include some reimbursements to officers totaling at least \$2,100 in the amounts reported in Item 24. It appears these payments were erroneously reported in Item 50 (Benefits).

Most direct disbursements to Local 1155 officers and some indirect disbursements made on behalf of its officers must be reported 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 Local 1155 file an amended LM report for 2008 to correct the deficient items, but Local 1155 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

The audit revealed that Treasurer Shirley McGinty issued two checks, check 2126 payable to Donni Cordes for \$200.00 and check 2127 payable to Toys for Tots (AFD), on November 27, 2009 that were only signed by Ms. McGinty. Article VII of Local 1155's bylaws require that all checks be signed by the president and the 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, issuing checks with only one signature does not allow the second signatory to attest to the authenticity of a completed check and negates the

purpose of the two signature requirement. OLMS recommends that Local 1155 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to State County & Muni Empls Local 1155 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,



Senior Investigator

cc: Ms. Shirley McGinty, Treasurer  
Ms. Nancy Amrein, Vice President  
Ms. Kelly Schmock, Recording Secretary  
Ms. Lynn Frantz, Executive Board Member  
Ms. Katrina DeWitt, Executive Board Member  
Ms. Nancy Pufall, Executive Board Member