

**U.S. Department of Labor**

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May 5, 2010

Mr. Martin Bressers, President  
AFSCME Local 1558  
1331 Belview, Lot 38  
Green Bay, WI 53402

LM File Number: 509-282  
Case Number: [REDACTED]

Dear Mr. Bressers:

This office has recently completed an audit of AFSCME Local 1558 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 Treasurer John Pletcher on April 27, 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 1558's records for its fiscal year ended July 31, 2009, revealed the following recordkeeping violations:

1. Receipts Records

Receipts entries in the Local 1558's Treasurer's Cash Book are undated, and the source and amount are entered in the Cash Book corresponding to the month deposited, not the month received. Receipts records must show the date of receipt as well as the amount received and the source. 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. (See further discussion of this topic in the Reporting Violations section below.)

In addition, not all receipts records were retained by Local 1558. The Human Resources Manager at the American Red Cross stated that when the checkoff checks were sent to Local 1558, check stubs were attached. However, most of the check stubs corresponding to the checkoff checks recorded in the Treasurer's Cash Book were not found among the records.

2. Disbursements Records

Local 1558 did not retain adequate documentation for reimbursed expenses to officers and members totaling at least \$1,377. For example, in April 2009, Vice President Trevor Johann was issued a check for \$196 which the Treasurer's Cash Book noted was for "conv.," but there was no voucher or other supporting documentation to identify what particular expenses were paid, such as per diem, meals, mileage, etc.

As noted above, Local 1558 must retain original receipts, bills, and vouchers for all disbursements. Such documentation must show the nature of the union business requiring the disbursement and the goods or services received. If a daily per diem amount is paid, the amount and number of days authorized must be identified either on a voucher or in at least one union record. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it

providing the additional information. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for maintaining such union records.

During the exit interview, I provided a sample of an expense voucher that Local 1558 may consider for use. The sample identifies the types of information and documentation that the local must maintain for officer expenses as well as lost wages.

### 3. Information Not Recorded in Meeting Minutes

During the audit, Treasurer Pletcher advised OLMS that any authorization for expenses such as meals or mileage comes from the Executive Board with the approval of the members. Further, that these expenses are authorized during membership or Executive Board meetings, which are typically held monthly. In addition, the Local 1558 bylaws state that (1) all matters affecting the policies, aims and means of accomplishing the purposes of the local are provided for by action of the membership, and (2) the recording secretary shall keep a record of the proceedings of all membership and executive board meetings.

The audit disclosed that a total of \$1,287 was paid in April and May 2009 to three officers for "conv.," including the \$196 check identified above to Vice President Trevor Johann. No meeting minutes were found which identified the authorization for the three officers to attend any convention or receive convention expenses. In fact, few minutes corresponding to any Local 1558 meetings held during the audit year were found. Mr. Pletcher stated that he provided for the audit all records that were given to him when he became treasurer and that he knew the union was remiss in keeping meeting minutes. In the future, minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1558 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 1558 for fiscal year ending July 31, 2008, was deficient as follows:

### Receipts Improperly Reported

Local 1558 failed to properly report \$9,987 in dues checkoff checks received from the American Red Cross in May, June, and July 2007. These checks were issued to the union before July 31, 2007, yet were not included in the amount reported in Item 38 (Dues) of the LM-3 filed for fiscal year ending July 31, 2007. The payments are recorded in the Treasurer Cash Book during the following fiscal year, in August 2007, the month in which the checks were deposited, and are included in the total amount reported in Item 38 of the LM-3 for the following fiscal year ending July 31, 2008.

The LM-3 instructions for Statement B (Receipts and Disbursements) state that the purpose of Statement B is to report the flow of cash in and out of your organization *during the reporting period*. In the future, Local 1558 must report money received on the LM-3 for the period corresponding to the date it was received, not deposited.

I am not requiring that Local 1558 file amended LM reports for fiscal years ending July 31, 2007, and July 31, 2008, to correct the deficient items, but Local 1558 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### Check Co-Signatures

A number of the checks issued by Local 1558 contained only one signature. The Local 1558 bylaws, in Article III (Duties of Officers), provide that the treasurer shall prepare and sign checks and that the president shall countersign all checks. The two signature requirement is an effective internal control of union funds. OLMS recommends that Local 1558 review its check signing procedures to improve internal control of union funds.

I want to extend my personal appreciation to AFSCME Local 1558 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,

Mr. Martin Bressers  
May 5, 2010  
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Investigator

cc: John Pletcher, Treasurer