

**U.S. Department of Labor**

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February 24, 2009

Ms. Robin Nelson, Treasurer  
AFSCME Local 2824  
137 South Meadow Road  
Plymouth, MA 02360

LM File Number: 541-988  
Case Number: [REDACTED]

Dear Ms. Nelson:

This office has recently completed an audit of AFSCME Local 2824 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, Beverly Ness on February 19<sup>th</sup>, 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.

The CAP disclosed the following violations:

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 2824's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 2824 did not retain adequate documentation for reimbursed expenses incurred by former President, Lee Regan totaling at least \$200. For example, a reimbursement payment of \$200.00 was made to Regan for expenses associated with the summer reading program that lack adequate supporting documentation.

As previously 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.

2. Information not Recorded in Meeting Minutes

Article VIII of the Constitution for Local 2824 requires that all financial matters of Local 2824 be approved by the executive board before payment. However, the minutes of executive board meetings from May and June, 2007 do not contain any reference to approval of the Treasurer's report, and therefore contain no approval of disbursements made by the union during those months. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 2824 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 2824 for fiscal year ending 12/31/07, was deficient in that:

#### Disbursements to Officers

Local 2824 did not include some reimbursements to officers totaling at least \$1,696.51 in the amounts reported Item 24 (All Officers and Disbursements to Officers). An example of this is found in check # [REDACTED] dated 06/27/07 to Doreen Clark, Steward, for \$500.00 made as a reimbursement payment for expenses associated with the union's summer party. It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

Additionally, Local 2824 did not report payments made to officers for lost wage reimbursement totaling at least \$145.68. Specifically, a lost wage payment made to Clark with check # [REDACTED] drafted on 11/27/07, was not reported on the union's LM-3 form. It appears that the union erroneously reported this payment in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 2824 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 Local 2824 file an amended LM report for 2007 to correct the deficient items, but Local 2824 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Signing Blank Checks

During the audit, Treasurer Nelson advised that former President Lee Regan signs blank checks. Your union's Constitution requires 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 2824 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 2824 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,

District Director

cc: Greg Santos, President