



February 4, 2013

Ms. Monica Carrell, Treasurer
AFSCME Local 3649
206 S. Jackson
PO Box 603
Robinson, IL 62454

Case Number: 550-11668 [REDACTED]
LM Number: 544146

Dear Ms. Carrell:

This office has recently completed an audit of AFSCME Local 3649 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 AFSCME Council 31 Office Manager Stacy Pflugmacher on February 1, 2013, 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 3649's 2011 records revealed the following recordkeeping violations:

1. Backup Documentation for Disbursements

Local 3649 did not retain adequate documentation for disbursements totaling at least \$6,500. For example, the local purchased \$5,000 worth of gift cards to distribute to

members for Christmas gifts in 2010. The local did not retain an itemized receipt for this purchase.

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.

2. Disposition of Property

Local 3649 did not maintain an inventory of retirement watches and grocery gift cards it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

Based on your assurance that Local 3649 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 3649 for the fiscal year ended December 31, 2011, 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 retirement watches and gift cards totaling more than \$5,000 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 3649's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

I am not requiring that Local 3649 file an amended LM report for 2011 to correct the deficient items, but Local 3649 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Disbursement Authorization/Approval Policy

Local 3649 does not have a clear policy regarding the authorization and approval of disbursements. For instance, a new computer was purchased in October 2011. No authorization for this purchase could be found in the membership or executive board meeting minutes. Membership approved the purchase, but only after the purchase had been made. There is no written policy to verify this purchase was properly authorized or approved. OLMS recommends that unions adopt written guidelines concerning authorization and approval of disbursements.

2. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 3649 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. For example, you stated during the opening interview that the president has the authority to make purchases up to \$100 or \$150 without approval; however, this policy is not in writing. OLMS recommends that unions adopt written guidelines concerning expense reimbursement.

I want to extend my personal appreciation to AFSCME Local 3649 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: Ms. Stacy Pflugmacher, AFSCME Council 31