



August 3, 2016

Ms. Sherryl Gordon, Executive Director
AFSCME District Council 1
2930 Broad Street
Trenton, NJ 08610

Case Number: 130-1315380
LM Number: 541565

Dear Ms. Gordon:

This office has recently completed an audit of AFSCME District Council 1 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 Executive Director Sheryl Gordon and Bookkeeper Susan Fago on August 1, 2016, 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.

Record Keeping 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 AFSCME District Council 1 records revealed the following recordkeeping violations:

1. AFSCME District Council 1 failed to back-up its electronic accounting system therefore when the system failed the records were not able to be fully recovered. This made the audit of the Council's books limited to what had previously been printed.

Based on your assurance that AFSCME District Council 1 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-2 filed by AFSCME District Council 1 for the fiscal year ended December 21, 2012, was deficient in the following areas:

1. Executive Director Sherryl Gordon signed the LM-2 in place of the president of the District Council.
2. It appears that the cash figures reported in Item 25 (Cash) are not the figures according to AFSCME District Council 1 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.

AFSCME District Council 1 must file an amended Form LM-2 for the fiscal year ended December 31, 2012 to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than September 30, 2016. Before filing, review the report thoroughly to be sure it is complete and accurate.

3. 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. AFSCME District Council 1 amended its constitution and bylaws multiple times, but did not file a copy with its LM report for those years.

As agreed, AFSCME District Council 1 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than September 30, 2016.

I want to extend my personal appreciation to AFSCME District Council 1 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: Mr. Ronald McMullen, President
Mr. Gary Little, Treasurer