U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 18, 2007

Linda Rieck, President
Government Employees, AFGE, AFL-CIO
Local 3314
130 S. Elmwood, Room 630, Suite 601
Buffalo, NY 14202-2478

LM File Number 509-639
Case Number: [redacted]

Dear Ms. Rieck:

This office has recently completed an audit of AFGE Local Union 3314 under the Compliance Audit Program (CAP) to determine your organization's compliance with the Standards of Conduct provisions of the CSRA, including those provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA) incorporated in the Standards. As discussed during the exit interview on June 15, 2007 with Vice President Sean Luck and Treasurer Madonna Urbino, 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 Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organizations must retain 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 3314's 2006 records revealed the following recordkeeping violation:

Meal Expenses

Local 3314 did not require officers and employees to submit itemized receipts for meal expenses totaling at least $300. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 3314 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, meals and drinks paid for by the union for membership meetings did not include sufficient descriptions and sometimes the name of the restaurant was missing. Union 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.

Based on your assurance that Local 3314 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report (Form LM-3) filed by Local 3314 for fiscal year ending December 31, 2006, was deficient in the following area:

Disbursements to Officers

Local 3314 did not include some reimbursements to officers totaling at least $100 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses) or did not report the payments at all.

The union must report most direct disbursements to Local 3314 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.

I am not requiring that Local 3314 file an amended LM report for 2006 to correct the deficient items, but Local 3314 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers of Local 3314 must be bonded for at least $5,000. The local could not provide proof of coverage to this office. You agreed to forward such proof to this office as soon as possible, but not later than July 31, 2007.

I want to extend my personal appreciation to Government Employees AFGE Local 3314 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 be of any additional assistance, please do not hesitate to call.

Sincerely,

[redacted]
Investigator

cc: Madonna Urbino – Treasurer
Sean Luck – Vice President