



December 24, 2013

Mr. Michael DeRiggi, President  
AFGE Local 2316  
1285 Rocky Lane  
Coraopolis, PA 15108

Case Number: 140-1510409( )  
LM Number: 503046

Dear Mr. DeRiggi:

This office has recently completed an audit of AFGE Local 2316 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, Treasurer Joseph Preston, and [REDACTED] on December 23, 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 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 organization 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 2316's 2011 and 2012 records revealed the following recordkeeping violations:

1. Receipt Dates not properly Recorded

Two entries in Local 2316's general ledger do not accurately reflect the date the union received checkoff dues. For example, checkoff dues were directly deposited to the union's general fund on January 5, 2012; however, they were recorded in the general ledger as received on January 1, 2012. Union receipts records must show the date of receipt. 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 the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to properly record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. General and Debit Card Expenses

Local 2316 did not retain adequate documentation for general and debit card disbursements totaling at least \$366.00. For example, a debit card transaction in the amount of \$150.00 was made at the Ellis Clinic on April 6, 2011; however union records did not contain an invoice to support this transaction.

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.

3. Christmas Bonuses

Local 2316 provided each member with a \$25.00 Christmas bonus in December 2011 and December 2012. The union maintained a signature sheet for members to sign when they picked up their Christmas bonus; however, in FY 2011, this signature sheet was missing 14 signatures and \$350.00 could not be accounted for. Additionally, in FY 2012, Local 2316 President Michael DeRiggi signed for 10 members and then provided these members their bonus.

Each Local 2316 member must sign for their Christmas bonus. If a member fails to pick up their Christmas bonus and therefore did not sign the signature sheet, then the Christmas bonus funds that were not disbursed to the membership should be deposited back into the local's general fund.

Based on your assurance that Local 2316 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

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 2316 for the fiscal year ended December 31, 2012, was deficient in the following area:

#### Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Local 2316 amended its constitution and bylaws, but did not file the required copies with its LM report for that year.

Local 2316 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 2316 file an amended LM report for 2012 to correct the deficient items, but Local 2316 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violations

The audit disclosed the following other violation:

1. 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.

The audit revealed that Local 2316's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 2316 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to AFGE Local 2316 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: Mr. Joseph Preston, Treasurer