



November 17, 2022

[REDACTED], President
Government Employees, AFGE
Local 1906

Case Number: 110-6025137([REDACTED])
LM Number: 503203

Dear [REDACTED]

This office has recently completed an audit of AFGE Local 1906 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 on November 7, 2022, 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 1906's 2021 and 2022 records revealed the following recordkeeping violations:

1. General Disbursement Records

Local 1906 did not maintain a record of disbursements which includes an adequate identification of all money disbursed by the union showing the date, payee, amount, and purpose of the disbursement. In addition, the union failed to maintain supporting documentation, such as bills, receipts, or vouchers, for such disbursements for per capita tax totaling at least \$22,522.

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. There were no bills, receipts, or vouchers to support any disbursements made during the audit year.

2. Failure to Record and Maintain Receipts Records

Local 1906 did not maintain in a journal, ledger, or some other union record, receipts from employer dues checkoff totaling at least \$21,384. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. In addition, Local 1906 did not maintain supporting documentation for all receipts received during the audit year. For example, Local 1906 was missing a May 2021 remittance report, supporting receipts totaling at least \$810.

3. Failure to Maintain Disbursements Records for Officer Elections

Local 1906 did not possess adequate documentation to support all disbursements from their account including direct withdrawals initiated by AFGE National for charges related to Local 1906's 2022 officer election. Election expenses totaling at least \$898 lacked supporting documentation. OLMS attempted to obtain supporting documentation for these expenses from AFGE District 2, but was not able to obtain a full accounting of the expenses incurred on behalf of Local 1906. In addition, these withdrawals did not appear to have been properly approved in accordance with the AFGE Constitution, Article XIX Section 3(d), which states that expenditures in excess of \$500 per month must have prior approval of the membership. There was no record that the membership approved expenditures for the election which totaled at least \$10,846. Labor organizations must retain original receipts, bills, and vouchers for all disbursements.

Based on your assurance that Local 1906 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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.

The audit revealed that Local 1906's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 1906 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.

Other Issue

Updated 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 that Local 1906 recently voted to approve updates and amendments to their bylaws. The new bylaws will take effect upon approval of the AFGGE National. As agreed, Local 1906 will file a copy of its updated bylaws with OLMS once they are approved by the national. The bylaws should be filed with the annual LM report corresponding to the year in which the bylaws are approved.

I want to extend my personal appreciation to AFGGE 1906 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