



March 25, 2022

Mr. Frank Melendez, President  
[REDACTED]

Case Number: 520-6023125( )  
LM Number: 541380

Dear Mr. Melendez:

This office has recently completed an audit of American Federation of Government Employees (AFGE) Local 3969 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on March 22, 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 3969's 2021 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 3969 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers totaling at least \$1,423.29. For example, no supporting documentation was retained for a transaction on April 24, 2021 of \$75.00 at Jersey Mike's and three transactions \$952.90 at Domino's pizza. In support of these expenses, Local 3969 retained bank statements and vouchers, which is not sufficient.

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. Failure to Record Receipts

Local 3969 did not record in its receipts records dues deposits received during the audit year totaling at least \$153.28. For example, bank records show that \$153.28 was deposited into the local's checking account. The local did not maintain any records that identify the deposit. In addition, the local failed to record dues deposits from AFGE National or keep within its records dues remittance reports. Union receipt 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. Local 3969 only retained bank statements which show dues deposits by AFGE National, which is not sufficient.

Based on your assurance that Local 3969 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 3969 amended its bylaws in 2012, but did not file the required copies with its LM report.

As agreed, Local 3969 will file a copy of its current bylaws with OLMS as soon as possible but not later than April 5, 2022.

Other Violations

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.

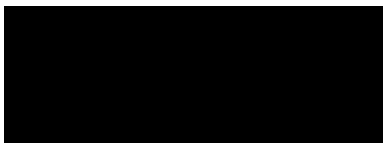
During the audit, Local 3969's officers and employees were bonded for \$40,000, but were required to be bonded for at least \$67,286.93. On March 24, 2022, Local 3969 provided proof showing that they increased their bonding coverage to \$70,000, therefore no further action is necessary.

Other Issues

As discussed during the exit interview, the local is not following its Bylaws, specifically, Section 2(a) which provides that regular meetings of the Local shall be held on the first Wednesday of every month unless the first Wednesday of the month falls on a recognized federal holiday, 2(c) minutes shall be recorded at every meeting of the executive board, regular and special meetings, and 10 the secretary treasurer shall present a financial report at each regularly scheduled meeting which shall include at a minimum a list of all the checks written for the prior month to include the amount, to whom written, and for what purpose. In addition, a report will be given with all monies received and deposited in the prior month including monies held in savings accounts or certificate of deposits.

I want to extend my personal appreciation to AFGE Local 3969 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Mr. Abel Magno, Secretary Treasurer