



March 24, 2023

Mr. Troy Tingey, President
Government Employees Leadership Council 214
4375 Chidlaw Road
Building 262, Room 132
Wright Patterson Airforce Base, OH 45433

Case Number: 350-6025446()
LM Number: 513-112

SENT VIA ELECTRONIC MAIL TO [REDACTED]

Dear Mr. Tingey:

This office has recently completed an audit of Government Employees Leadership Council 214 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 and Treasurer Kris Borders on March 20, 2023, 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.

Reporting 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 Council 214's 2021 records revealed the following recordkeeping violations:

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The audit of Council 214's 2021 records revealed the following recordkeeping violations:

1. General Expenses

Council 214 did not retain adequate documentation for all expenses. For example, on April 23, 2021, the union made a disbursement of \$142.93 to Wal-Mart and there was no corresponding documentation. There was a total of eleven disbursements during the audit period where there was no corresponding documentation.

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. Debit Card Expenses

Council 214 did not retain adequate documentation for debit card expenses incurred by Kris Borders totaling at least \$5,349.17. For example, there were two payments to the US Grant Hotel, totaling \$2,693.76, and there was no corresponding documentation.

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. Failure to Record Receipts

Council 214 did not record in its receipts records per capita tax receipts totaling at least \$107,889.01. For example, Council 214 received a total of \$9,741.50 in per capita

receipts/rebates, in January 2021, from nine AFGE locals and the AFGE National. Council 214's receipt records failed to record those receipts in the union's records. The only source of receipt records maintained by Council 214 were bank statements. 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.

4. Receipt and Disbursement Dates not Recorded

Council 214 did not maintain receipt records reflecting the date the union deposited money and the date money was received. For example, Council 214 received monthly per capita tax receipts/rebates from nine AFGE locals and the AFGE National, and those monies were not deposited on the dates the union received the funds. 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 record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Council 214 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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.

Council 214's officers and employees are currently bonded for \$75,000.00 but they must be bonded for at least \$85,189.00. Council 214 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than April 5, 2023.

Other Issues

1. Credit/Debit Card Policy

The audit revealed Council 214 does not have a policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit/debit cards. You informed OLMS that personal charges cannot be made on the credit card, but this policy is not in writing. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Travel Reimbursement Policy

The audit revealed that Council 214 does not have a clear policy regarding officer travel. You informed OLMS that Council 214 pays officers \$100.00 per diem for meals, but this policy is not in writing. OLMS recommends that unions adopt written guidelines concerning such matter.

3. Signing Blank Checks

During the audit, Kris Borders advised that you sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two-signature requirement. OLMS recommends that Council 214 review these procedures to improve internal control of union funds.

4. Annual Audit

During the audit, you advised that Council 214 did not have a financial audit in 2020 or 2021. Your union's Constitution (*Article VIII, Section 3*) requires an annual audit by the audit committee. OLMS recommends that Council 214 follow the procedures in the constitution to improve internal controls.

I want to extend my personal appreciation to Government Employees Leadership Council 214 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. Kris Borders, Treasurer