

**U.S. Department of Labor**

Office of Labor-Management Standards  
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April 11, 2023

Ms. Temika Carter, Treasurer  
American Federation of Government Employees  
Local 342  
1601 Kirkwood Highway  
Wilmington, DE 19805

Case Number: 140-6025029( )  
LM Number: 543277

Dear Ms. Carter:

This office has recently completed an audit of the American Federation of Government Employees (AFGE) Local 342 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 February 22, 2023, and subsequently Acting President Carla Carradin on March 9, 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.

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 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 342's 2021 records revealed the following recordkeeping violations:

1. General Expenses

AFGE Local 342 did not retain adequate documentation for expenses incurred by the local totaling at least \$641.82. Specifically, monthly expenses were automatically paid to Verizon Wireless totaling \$641.82. You confirmed during the exit interview that these payments were for the wireless router located in the union's office.

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 342 did not record in its receipts records a refund received for office space rent totaling \$500. 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.

Based on your assurance that AFGE Local 342 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 342 for the fiscal year ended December 31, 2021, was deficient in the following areas:

#### 1. Signatures

AFGE Local 342's LM-3 Report for FYE December 31, 2021 was signed by AFGE Local 342 President Karin Tate on signature lines designated for the president and treasurer of the union to sign.

The completed Form LM-3 which is filed with OLMS must be signed by both the president and treasurer, or corresponding principal officers, of the labor organization. If the duties of the principal executive or principal financial officer are performed by an officer other than the president or treasurer, the report may be signed by the other officer. If the report is signed by an officer other than the president or treasurer, enter the correct title in the title field next to the signature and explain in Item 56 (Additional Information) why the president or treasurer did not sign the report.

#### 2. Failure to Report Bonding

Item 20 –AFGE Local 342 reported their bond amount as \$0.00 for FYE December 31, 2021. Local 342 did have bonding coverage during the audit period, therefore, enter the

maximum amount recoverable for a loss caused by any officer, employee, or agent of your organization who handled your organization's funds..

### 3. Per Capita Tax Payments

AFGE Local 342 reported \$1,144 in both Item 39 (Per Capita Tax) and 47 (Per Capita Tax). The total dues receipts that labor organizations must report on their annual financial disclosure forms in Item 38 of Form LM-3 (Dues) include those dues transmitted by the parent body to the subordinate organization, such as dues checkoff amounts received on behalf of a local labor organization and then remitted to that local.

Any portion of dues checkoff amounts that is retained by the parent body for per capita tax or other purposes, such as a special assessment, should not be reported on the local labor organization's Form LM-3 as either a receipt or a disbursement. Any amounts other than per capita tax that are retained by the parent body should be explained in the local's report, in "Additional Information" (Item 56 of Form LM-3)

### 4. Fees, Fines, Assessments, Work Permits

AFGE Local 342 reported \$2,017 in Item 40 – Fees, Fines, Assessments, and Work Permits. The compliance audit did not reveal any documentation to account for any fees, fines or assessments that may have been collected. Therefore, the figure reported in Item 40 on the FYE December 31, 2021 was erroneously reported.

### 5. Other Receipts/Other Disbursements

On the December 31, 2021 LM-3 Report, AFGE Local 342 reported \$1,500 under Item 43 – Other Receipts. The compliance audit determined this figure may have been erroneously reported. In Item 43 – Other Receipts - enter all receipts of your organization other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayments of loans made, rents, and funds collected for transmittal to third parties.

In Item 54 – Other Disbursements - AFGE Local 342 appears to have erroneously reported \$2,017 in other disbursements. Item 54 should contain all disbursements made by your organization not reported in Items 45 through 53, including fees, fines, assessments, supplies for resale, repayments of loans obtained, transmittals of funds collected for third parties, educational and publicity expenses, withholding taxes, and payments for the account of affiliates and other third parties.

### 6. Office and Administrative Expenses

Item 48 should include your organization's total disbursements for its ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. It appears Local 342 failed to report disbursements to Verizon Wireless totaling at least \$641.82 in Item 48 (Office & Administrative Expense).

### 7. Delinquent Report

Form LM-3 must be filed within 90 days after the end of your organization's fiscal year. The law does not authorize the U.S. Department of Labor to grant an extension of time for filing reports for any reason. Local 342 filed Form LM-3 for the audit year on September 29, 2022, long after the 90 day deadline.

Local 342 must file an amended Form LM-3 for the fiscal year ended December 31, 2021, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-3 must be filed no later than May 11, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

### Other Issues

#### 1. 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, OLMS requested bank statements for fiscal year ending December 31, 2022 so that OLMS can confirm your union is currently bonded for an appropriate amount. To date, the statements have not been received. Please provide Local 342's bank statements as soon as possible, but no later than May 11, 2023.

#### 2. Failure to Maintain Book Balances

Local 342 did not maintain its own union book balances of financial transactions. OLMS suggests that Local 342 keep their own book balance, instead on solely relying on bank statements, to efficiently keep track of the local's receipts and disbursements. A union book balance acts as an additional record to compare to bank statements to account for possible errors. In addition, when completing annual Labor-Management Forms, checking account balances reported should be obtained from your organization's books as reconciled with the balances shown on bank statements.

I want to extend my personal appreciation to AFGE Local 342 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,

  
Supervisory Investigator

cc: Ms. Karen Tate, President  
Ms. Carla Carradin, Acting President