



May 24, 2023

Nyaisha McDaniel, Treasurer
Government Employees AFGE AFL-CIO
Local Union 1568
40 Marietta Street NW
Atlanta, GA 30303

Case Number: 410-6025406
LM Number: 503158

This office has recently completed an audit of Government Employees AFGE AFL-CIO Local 1568 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 31, 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 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.

1. General Reimbursed and Credit Card Expenses

Local 1568 did not retain adequate documentation for reimbursed expenses incurred by President Antonio Gaines totaling at least \$974.50. For example, on February 6, 2020, Gaines received a \$494.00 reimbursement for per diem. There were no vouchers or explanation of the purpose of the travel.

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 1568 did not record in its receipts records some employer dues checkoff checks and some checks received from the bank for interest earned on certificates of deposit totaling at least \$3,960.00. For example, a deposit was made to the union's checking account on March 6, 2020 for \$3,780.00. While there was a deposit slip, there was no explanation for the purpose of the deposit. 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.

3. Information not Recorded in Meeting Minutes

During the opening interview, Mr. Gaines advised OLMS that the membership must authorize any expenditure over \$500. After a review of the local's by-laws, any expenditure in excess of \$500 per month must have prior approval either as authorized by the budget or approved by separate vote of the local's members. The local did not provide meeting minutes to substantiate expenditures. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1568's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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 1568 for the fiscal year ended December 2021, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 1568 did not include some reimbursements to officers totaling at least \$974.50 in the amounts reported Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 1568 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

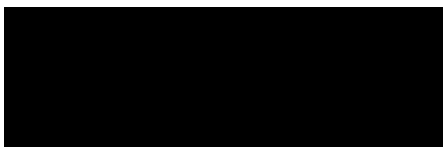
2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 1568's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 1568 has filed an amended Form LM-3 for the fiscal year ended December 31, 2021, to correct the deficient items discussed above.

I want to extend my personal appreciation to Government Employees AFGE AFL-CIO Local 1568 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: Antonio Gaines, President