



October 20, 2023

Ms. Sherron Burke-Gilliam, President
Government Employees, AFGE Local 1674
950 Campbell Avenue
West Haven, CT 06516

Case Number: 110-6026338()
LM Number: 502071

Dear Ms. Burke-Gilliam:

This office has recently completed an audit of AFGE Local 1674 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 Secretary-Treasurer Reva Stevenson, Executive Vice President Heather McCalla, District 2 Representative Sam Neimeiser and you on October 18, 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.

The audit of Local 1674's 2022 records revealed the following recordkeeping violations:

1. General Expenses

Local 1674 did not retain adequate documentation for union expenses. For example, checks written in August 2022 for the union's summer party, totaling at least \$18,663, were unable to be linked to any supporting documentation in the union's records because the check stubs were insufficiently descriptive. In addition, there was no supporting documentation for bonus bucks payments issued to members and officers, totaling at least \$19,425.

Furthermore, Local 1674 did not record in any disbursement record some checks written to officers, members, and third-party vendors, totaling at least \$13,883. For example, a \$3,137.33 check written to Awesome Sauce Caribbean Flavors cleared the bank, but was not reflected in the check stubs or any other union record.

As noted above, union disbursement records must include an adequate identification of all money the union spends. Labor organizations must retain original receipts, bills, and vouchers for all disbursements. The records should show the date and amount spent, and the union purpose of the expense. 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. Officer Wages

Local 1674 did not retain adequate documentation for wage payments to union officers totaling at least \$13,947. The union must maintain records in support of hourly wage claims that identify the date each wage claim was incurred, the number of hours on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 1674 only maintained check stubs in support of wage payments to officers. The check stubs did not include sufficient detail regarding the number of hours worked, the date worked, the rate of pay, or the specific union business conducted.

During the exit interview, I provided a compliance tip sheet, Union Lost Time Payments, that contained a sample of an expense voucher Local 1674 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for wages and other officer expenses.

3. Disposition of Property

Local 1674 did not maintain an inventory of items or property it purchased, sold, or gave away. The union purchased a number of items which were given away to members at union parties. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

In the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized all expenses over \$500 at the monthly membership meetings. Article XIX, Section 3 of the AFGF National Constitution requires that expenditures by the Executive Board in excess of \$500 per month must have prior approval of the local's members. However, the membership minutes for the audit year were reviewed and there was no record of any authorizations for specific expenses. There were at least 52 individual disbursements greater than \$500 made during the audit year, and the meeting minutes did not contain any reference to those disbursements. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

5. Lack of Authorization for Wages

Local 1674 did not maintain records to verify that the wage payments to members and officers were the authorized amounts. The union must keep a record, such as meeting minutes, to show the wage payments were properly authorized by the entity or individual in the union with the authority to establish those disbursements.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1674'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 1674 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gifts and other items totaling more than \$2,500 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers (LM-3)

Local 1674 did not properly report and failed to include some disbursements to officers totaling at least \$28,077 in the amounts reported Item 24 (All Officers and Disbursements to Officers), specifically in Column D for any wages received, and bonus bucks and reimbursed expenses should be reported in Column E. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local 1674 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).

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 1674'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.

4. Liabilities

Local 1674 is incorrectly reporting liabilities in Item 32, Accounts Payable. The instructions for Item 32 state that the union should enter the total amount of the accounts payable at the start and end of the reporting period in Column (C) and (D), respectively. Ordinarily, accounts payable are those obligations incurred on an open account for goods and services rendered. A review of records during the audit did not indicate that Local 1674 had any significant liabilities at the start or end of the reporting

period.

5. 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 1674 amended its bylaws in 2022, but did not file the required copies with its LM report for that year. The bylaws on file with OLMS are dated July 15, 1977.

As agreed, Local 1674 will file a copy of its current constitution and bylaws with OLMS as soon as possible, but not later than November 13, 2023.

Local 1674 must file an amended Form LM-3 for the fiscal year ended December 31, 2022, 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. The amended Form LM-3 must be filed no later than November 13, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to AFGE Local 1674 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: Ms. Reva Stevenson, Secretary-Treasurer
Ms. Heather McCalla, Executive Vice President
Mr. Samuel Neimeiser, District 2 Representative