



October 10, 2023

Ms. Dewanda Mitchell, President
AFGE Local 1061
PO Box 84492
Los Angeles, CA 90073

Case Number: 520-6027194()
LM Number: 502159

Dear Ms. Mitchell:

This office has recently completed an audit of AFGE Local 1061 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 October 10, 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 1061's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1061 did not retain adequate documentation for reimbursed expenses incurred by the union totaling \$3,406.25. For example, no supporting documentation was retained for one AAA Quality storage rental transaction of \$273.00, two transactions for Spectrum telephone services totaling \$640.66, and two transactions for per capita tax totaling \$2,492.59. In support of these expenses, Local 1061 retained bank statements and funds authorization forms, 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. Lack of Salary Authorization

Local 1061 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) of the LM -2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 1061 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 1061 amended its constitution and bylaws in 2021 but did not file the required copies with its LM report for that year.

Local 1061 has now filed a copy of its constitution and bylaws.

Other Issues

Use of Signature Stamp

During the audit, Office Administrator Shannon Hamlett advised that it is Local 1061's practice for her to stamp your signature as the President and the signature of Treasurer Diedre Jones on union checks. Article V of Local 1061's constitution and bylaws require

that 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, the use of a signature stamp for the signers does not attest to the authenticity of the completed check and negates the purpose of the two-signature requirement. OLMS recommends that Local 1061 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to AFGE Local 1061 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,


Senior Investigator

cc: Ms. Diedre Jones, Treasurer