U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
1111 Third Avenue
Room 605
Seattle, WA 98101-3212
(206)398-8099 Fax: (206)398-8090

April 5, 2007

Mr. Honorato Yacapin, Treasurer
American Federation of Government Employees
Local 2157
3710 SW U.S. Veterans Hospital Road
Portland, Oregon 97239

LM File Number: 501-880
Case Number[redacted]

Dear Mr. Honorato Yacapin:

This office has recently completed an audit of AFGE Local 2157 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on March 16, 2007, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 2157's fiscal year ending September 30, 2006 records revealed the following recordkeeping violations:

Distribution of Property

AFGE Local 2157 failed to maintain an inventory of the Fred Meyer $15.00 gift cards given away to union members in the total amount of $8,500. Records must be maintained that account for all union property.

Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

I strongly urge Local 2157 to adopt clear guidelines regarding what types of expenses personnel may charge with union credit cards and what types of out-of-pocket expenses personnel may be reimbursed. Our office is readily available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

As agreed, provided that Local 2157 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violation

The CAP disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-) filed by Local 2157 for fiscal year ending September 30, 2006, was deficient in that Secretary Peter Dodge and the total amounts of payments to him or on his behalf were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union.

I am not requiring that Local 2157 file an amended LM-3 report for fiscal year ending September 30, 2007 to correct the deficient items, but as agreed, Local 2157 will properly report the deficient items on all future reports filed with this agency.

Failure to File Bylaws

The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. Local 2157 amended its constitution and bylaws in 2003, but a copy was not filed with its LM report for that year. A copy of Local 2157's constitution and bylaws has now been filed.

Other Violations

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 2157's officers and employees are currently bonded for $15,000, but they must be bonded for at least $26,599.74.

Local 2157 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than April 30, 2007.

Other Issues

Credit Card Review

During the audit, you advised that no one regularly reviews the credit card charges that appear on the union's credit card statements. Regularly reviewing the charges on the union's credit card statements is an effective internal control of union funds. I strongly recommend that Local 2157 review this policy to improve the internal control of union funds.

I want to extend my personal appreciation to AFGE Local 2157 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,

[redacted]

[redacted]
Investigator

cc: Acting President Leonard Fearn