U.S. Department of Labor

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April 6, 2007

Mr. Leo Bosner, Local President
American Federation of Government Employees AFL-CIO
Local 4060
PO Box 23339
Washington, DC 20026-3339

LM File Number: 541-561
Case Number: [redacted]

Dear Mr. Bosner:

This office has recently completed an audit of American Federation of Government Employees Local 4060 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 Treasurer Robert Autrey, Secretary James Driver, and you on March 21, 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.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and 29 C.F.R. §403.7 require, among other things, that adequate records be maintained for at least (5) years after a report is filed by which the information on the report can be verified, explained and clarified. Pursuant to 29 C.F.R. §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, 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 4060's 2005 records revealed the following recordkeeping violations:

Lack of Documentation to Support Disbursement of Local Funds

Adequate documentation was not retained for a purchase of office supplies and for disbursements related to an arbitration. Receipts must be maintained for all expenses.

As agreed, provided that Local 4060 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

Pursuant to 29 C.F.R. §458.3, the reporting requirement under 29 C.F.R. §403.2 (see LMRDA Section 201(b)) 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 CAP disclosed a violation of this requirement. The Labor Organization Annual Report, Form LM-3, filed by Local 4060 for fiscal year ending December 31, 2005, was deficient as follows:

1. Some Payments to Officers Not Properly Reported

   Local 4060 failed to include a reimbursement to a local officer in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in another category.

   All direct disbursements to Local 4060 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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. Failure to File Bylaws

Pursuant to 29 C.F.R. §458.3, the requirement under 29 C.F.R. §402.4 (see 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 at the time that it files its annual financial report. The CAP disclosed a violation of this requirement. Local 4060 amended its constitution and bylaws after the latest one on file and prior to 2005, but the required copies were not filed with its LM report for that year. A copy of Local 4060's constitution and bylaws has now been filed.

I am not requiring that Local 4060 file an amended LM report for 2005 to correct the deficient item, but as agreed, Local 4060 will properly report the deficient item on all future reports filed with this agency.

Other Issues

The audit revealed that Local 4060 officers give a financial report at membership meetings. However, the union does not record this information in the meeting minutes. I strongly recommend that Local 4060 include this information in their meeting minutes as it is an internal control of union funds.

I want to extend my personal appreciation to Local 4060 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]
Investigator

cc: Treasurer Robert Autrey
Secretary James Driver