

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Nashville District Office
Nashville, TN 37228
(615) 736-5906 / FAX: (615) 736-7148



November 10, 2008

Mrs. Joyce Marion
Treasurer
Government Employees AFGE AFL-CIO
Local 1858
Mauler Road
Redstone Arsenal, AL 35898-0001

LM File Number 501565
Case Number [REDACTED]

Dear Mrs. Marion:

This office has recently completed an audit of Government Employees AFGE AFL-CIO, Local 1858 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 and President Don Eiermann on October 29, 2008, the following problems were discussed 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 Violation

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 1858's 2007 records revealed the following recordkeeping violation:

Failure to Record Receipts

Local 1858 did not record in its receipts records the source of more than one means of currency received for deposit during the end of fiscal year 2006 or beginning of fiscal year 2007 reflected on a deposit slip, dated February 15, 2007, totaling \$1,116. 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.

Based on your assurance that Local 1858 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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-2 filed by Local 1858 for fiscal year ending December 31, 2007, was deficient in that:

Receipts and disbursements were inaccurately reported in Statement B

Total receipts reported in Item 49 were over reported by \$1,692. Total disbursements reported in Item 69 were under reported by \$324.

I am not requiring that Local 1858 file an amended LM report for 2007 to correct the deficient items, but Local 1858 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the

LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers and employees of Local 1858 are currently bonded for \$30,000; however, they must be bonded for at least \$30,757.

Local 1858 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than November 19,2008.

Other Issues

Inadequate Leave Records

Local 1858 began maintaining leave records for its two full-time employees during the audit period and has continued to maintain such records to date. As discussed during the exit interview, OLMS recommends the continual usage of such records with additional usage and the maintaining of corresponding leave slips. You and President Don Eiermann agreed that this would be a good practice and committed the local to implement this practice.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

Investigator

cc: President Don Eiermann