

U.S. Department of Labor

Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood Avenue, Suite 510
Buffalo, NY 14202
(716) 842-2900 Fax: (716) 842-2901



December 14, 2010

Mr. Paul Demler, President
AFGE Local 3342
321 Hazeltine Avenue
Jamestown, NY 14701

Case Number: [REDACTED]
LM Number: 503964

Dear Mr. Demler:

This office has recently completed an audit of AFGE Local 3342 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 and the other executive board members on December 8, 2010, 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 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 organizations 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 3342's 2009 records revealed the following recordkeeping violation:

Duplicate Receipts

Local 3342 offers its members an opportunity to purchase discounted movie tickets from a union representative in the Syracuse office. The union representative maintains a record of the number of movie tickets sold and how much money is collected and forwards the receipts money to the union treasurer. The union treasurer subsequently records the ticket sales in the union's receipts journal and deposits the money into the union's bank account. However, the union does not issue receipts to union members who purchase the movie tickets. OLMS recommends that Local 3342 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who purchase the movie tickets from the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable.

Based on your assurance that Local 3342 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Single Signature Checks

Local 3342 does not always obtain two authorizing signatures on union checks. OLMS recommends obtaining two signatures on all checks to improve internal controls of union funds.

I want to extend my personal appreciation to AFGE Local 3342 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: Mrs. Norma Kitzmiller, Treasurer