



April 5, 2013

Mr. James M. Andrews, President  
National Association of Government Employees Local R4-17  
100 Emancipation Drive  
Building 66, Room 202  
Hampton, VA 23663

Case Number: 450-12873 [REDACTED]  
LM Number: 502709

Dear Mr. Andrews:

This office has recently completed an audit of National Association of Government Employees Local R4-17 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 Treasurer Irene Hardy on January 24, 2013, 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 R4-17's 2010 records revealed the following recordkeeping violations:

1. Failure to Maintain Records

Local R4-17 did not maintain all of the union's bank statements, dues checkoff reports, or invoices during the fiscal year. For example, the Old Point Checking account was missing a statement for June 2010. The local also did not maintain dues checkoff reports that are provided monthly by the employer. The local also failed to maintain invoices for bills that are paid. For example, there was a check written to Paper Direct in the amount of \$33.71, but no invoice was found in the records.

The union holds a Christmas party each year, and they did not maintain the final invoices for the facility used, DJ, or photographer. Local R4-17 did not maintain an inventory list of how many tickets were purchased and sold for the annual Christmas party. The union did not keep track of who the tickets were sold to. Tickets are sold by four different people in the local on the party committee. Money, cash and checks, is handed in with no way of verifying that the correct amount of money was deposited in the local's checking account. The union must retain an inventory of tickets purchased, sold, or given away to verify accuracy of receipts.

Another check written out during the audit year totaling \$500 to Louis Dene was not supported by documentation. However, it was determined that this check was written for payment of an arbitration bill. The union must maintain all the records provided by the bank, employer, or vendor to satisfy the recordkeeping requirement of LMRDA Section 206.

2. General Reimbursed Expenses

Local R4-17 did not retain adequate documentation for reimbursed expenses incurred by former president Janice Powell totaling at least \$139. For example, she did not provide documentation for reimbursed expenses for replacement of a cellphone and data card.

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.

3. Meeting Minutes

During the audit, Mr. Andrews advised OLMS that the membership meeting minutes could not be located because the recording secretary left the union. At a minimum, meeting minutes for membership and executive board meetings which discuss the approval or authorization of disbursements, or any other financial matters, must be recorded and maintained for five years.

Based on your assurance that Local R4-17 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 LM-3 filed by Local R4-17 for the fiscal year ended September 30, 2010 was deficient in the following areas:

#### 1. Disbursements to Officers

Local R4-17 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local R4-17 officers and some indirect disbursements made on behalf of its officers 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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).

Local R4-17 filed an unacceptable amended Form LM-3 report for the fiscal year ended September 30, 2010. The amended report was not signed by two officers, and the cash did not reconcile. The local must file an amended Form LM-3 for the fiscal year ended September 30, 2010, to correct the deficient items discussed above. I encourage Local R4-17 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than April 30, 2013 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

2. 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 R4-17 amended its constitution and bylaws in 2010, but did not file the required copies with its LM report for that year.

Local R4-17 has now filed a copy of its constitution and bylaws.

Other Violations

The audit disclosed the following other violation:

1. Inappropriate Per Diem Paid to Officers

During the audit year, former President Janice Blackwell and Vice President Larry Powell attended the NAGE convention in Atlantic City, New Jersey. In accordance with local policy, travel advances were given to Ms. Blackwell and Mr. Powell. They were erroneously paid mileage at the rate of \$1.29 meant for an airplane. Ms. Blackwell was overpaid by \$259.62 and Mr. Powell was overpaid by \$523.74.

Ms. Blackwell must repay the union \$259.62 and Mr. Powell must repay the union \$523.74. Proof of this repayment should be forwarded to me no later than April 30, 2013. You should be aware that there are criminal penalties for the willful conversion of union funds to the personal use of a union officer or employee.

I want to extend my personal appreciation to NAGE Local R4-17 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,

  
Investigator

cc: Ms. Irene Hardy, Treasurer