



August 31, 2018

Mr. Steve Rodriguez, President  
National Association of Government Employees  
SEIU AFL-CIO, Local R1-086  
1400 VFW Parkway Rm. GC-110  
West Roxbury, MA 02132

Case Number: 110-6012651  
LM Number: 502-798

Dear Mr. Rodriguez:

This office has recently completed an audit of National Association of Government Employees Local R1-086 (NAGE Local R1-086) 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 Vice President Camille Francois on June 29, 2018, 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 R1-086's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local R1-086 did not retain adequate documentation for reimbursed expenses and visa debit card expenses incurred by former President Lynn Candella and former Vice President/ Treasurer Kathy Johnson totaling at least \$136.30. For example, Bank of America debit cards ending in [REDACTED] and [REDACTED] were used to purchase office supplies, gas, and parking. Five of the debit card purchases lacked receipts or vouchers identifying union purpose.

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.

## 2. Meal Expenses

Local R1-086 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, Local R1-086 lacked receipts for at least five different meal purchases totaling \$383.93, all of which failed to identify union purpose.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

## 3. Receipt Dates not Recorded

Entries in Local R1-086's receipts journal reflect the month and year the union deposited money, but not the date money was received. Union receipt records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Line Item 16 (Receipts) of Form LM-4. The Form LM-4 instructions for Line Item 16 states that the labor organization must enter the total amount of all receipts during the reporting period including dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the labor organization. Also include payments in lieu of dues received from any nonmember employees as a condition of employment under a union security provision in a collective bargaining agreement.

Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

## 4. Information Not Recorded in Meeting Minutes

During the audit, OLMS had been advised that former Vice President/Treasurer Kathy Johnson and former President, Lynn Candella were authorized to make purchases for the local's holiday parties upon executive board approval. Local R1-086 failed to record meeting minutes authorizing union expenses during audit year 2017, including purchases made for holiday

functions and events.

Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local R1-086 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-4) filed by Local R1-086 for the fiscal year ended September 30, 2017, was deficient in the following areas:

#### 1. Disbursements to Officers and Employees

Local R1-086 did not include some dues reimbursements checks to officers and employees totaling at least \$950.00 in Line Item 18 (Payments to Officers and Employees) of Form LM-4. For instance, a \$250.00 reimbursement check issued to former President Lynn Candella was not reported in line Item 18 (Payments to Officers and Employees).

The union must report in Line Item 18 (Payments to Officers and Employees) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Line Item 17 (Disbursements) net payments to officers and employees, per capita tax and any other fees or assessments which the labor organization paid to any other organization, payments for administrative expenses, loans made by the labor organization, and taxes paid.

### Other Issues

#### 1. Expenses Policy

As I discussed during the exit interview with current President Steve Rodriguez, the audit revealed that Local R1-086 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to the local for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the

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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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Camille Francois, Vice President  
Mr. Willie McNeil, Secretary-Treasurer