

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



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January 10, 2018

Mr. Walter Walker, President
American Federation of Government Employees
(AFGE) Local 3579
[REDACTED]
Bethesda, MD 20814-0693

Case Number: 450-6011859 [REDACTED]
LM Number: 519-255

Dear Mr. Walker:

This office has recently completed an audit of American Federation of Government Employees (AFGE) Local 3579 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 Treasurer Erin Carter and Vice President [REDACTED] on December 11, 2017, 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 (CFR) 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 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 3579's 2016 records revealed the following recordkeeping violation:

1. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that Local 3579 weren't able to retrieve all of the Local's fiscal year 2016 membership and executive board meeting minutes but these meetings contained authorization of financial matters. Minutes of all membership or executive board meetings must be maintained and report any disbursement authorizations made at those meetings.

Based on your assurance that Local 3579 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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-3 filed by Local 3579 for the fiscal year ended December 31, 2016 was deficient in the following area:

1. Disbursements to Officers

Local 3579 did not include all the reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Several union officers incurred meals, office expenses, and other expenses during the audit year, but these expenses were not reported next to their name in Item 24, Column E (Allowances and Other Disbursements). Such payments appear to have been erroneously reported in Item 48 (Office and Administration Expenses).

The union must report most direct disbursements to Local 3579 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).

I am not requiring that Local 3579 file an amended LM report for 2016 to correct the deficient items, but Local 3579 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

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.

The audit disclosed the following other violation:

1. 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.

Local 3579's officers and employees are currently bonded for \$5,000, but they must be bonded for at least \$6,140. Local 3579 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 January 26, 2018.

I want to extend my personal appreciation to AFGE Local 3579 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,



Auditor, Washington District Office

cc: Mrs. Erin Carter, Treasurer