

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



USPS Only:
200 Constitution Avenue, NW
Suite 11-200
Washington, DC 20210-0001

Visitors/UPS/FedEx:
375 E Street, SW, Suite 11-200
Washington, DC 20024-3221
Phone (202) 513-7300
Fax: (202) 513-7301

March 12, 2018

Ms. Rachael Abraham, President
AFGE Local 1442
[REDACTED]

Case Number: 450-6009488 [REDACTED]
LM Number: 545370

Dear Ms. Abraham:

This office has recently completed an audit of American Federation of Government Employees (AFGE) Local 1442 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 on February 26, 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 1442's 2015 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 1442 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by former President Sandra Baldwin. For example, former President Baldwin made 16 cash withdrawals totaling \$15,692, often using the union's debit card. While the local maintained withdrawal slips for some of these, all of the withdrawals lacked detailed documentation to match with its disbursement in the AFGE Bonus Bucks recruitment program. Also, former President Baldwin used the union debit card to purchase flights and lodging totaling \$1,967.43 to attend two AFGE conventions during the audit year. Supporting documentation for some of the travel expenses to the conventions were not found in the union's records.

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. Information not Recorded in Meeting Minutes

During the audit, former Local 1442 President Baldwin advised OLMS that the membership authorized per diem, hotel, and travel expenses for her to attend an AFGE convention in Ellicott City, Maryland. However, Local 1442 maintained no minutes of such meeting where this authorization occurred. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1442 will maintain 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-3 filed has not ever been filed by Local 1442.

Local 1442 must file Form LM-3 for the fiscal years ended December 31, 2015, December 31, 2016, and December 31, 2017. Local 1442 may complete, sign, and file its reports electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The Forms LM-3 should be filed electronically no later than April 6, 2018. Before filing, review the reports thoroughly to be sure they are complete and accurate.

Other Violations

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.

Local 1442's officers and employees are currently bonded for \$5,000, but they must be bonded for at least \$12,194. Local 1442 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 March 30, 2018.

I want to extend my personal appreciation to AFGE Local 1442 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:

Tereather Jones, Treasurer

Sandra Bauldwin, former president