



May 13, 2019

Mrs. Anna Rodriguez, Treasurer
AFGE Local 1617
[REDACTED]

Case Number: 420-6015608 [REDACTED]
LM Number: 503574

Dear Mrs. Rodriguez:

This office has recently completed an audit of AFGE Local 1617 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 May 10, 2019, 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 1617's 2018 records revealed the following recordkeeping violation:

Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership and executive board authorized a trip to Kick-a-Poo Casino and the purchase of Local 1617 t-shirts. Article VI of the constitution and bylaws requires expenditures in excess of \$250 per month to have prior approval by the local membership, either as authorized by the budget approved by the local or by separate vote of the membership. In addition, you advised that any expenditure not authorized by the budget requires membership approval. The membership and executive board minutes, however, do not contain authorization for the above expenditures. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. This includes both the motion and the notation that the motion was passed or carried.

Based on your assurance that Local 1617 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 1617 for the fiscal year ended December 31, 2018, was deficient in the following areas:

1. Assets

The total assets reported in Item 14 are overstated by at least \$4,721 and are not the figures according to Local 1617's books. The instructions for Item 14 state that the union should enter the total value of all assets at the end of the reporting period including, for example, cash on hand and in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization.

2. Disbursements to Officers

Local 1617 did not include payments and reimbursements to officers totaling at least \$2,020.72 in Item 18 (Payments to Officers and Employees). During the audit period, you received a monthly stipend of \$150 and you and President Rudy Guerra incurred meals, office expenses, and other expenses during the audit year, but these expenses were not reported in Item 18.

The union must report the total amount of all payments to officers and employees made by the labor organization during the reporting period in Item 18. The amount should include, for example, gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official business of the labor organization as well as disbursements which were essentially for the personal benefit of the officer or employee.

3. 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 its constitution and bylaws with OLMS and any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Local 1617's constitution and bylaws were approved by the AFGE National Executive Board in September 1990 but have not been filed with OLMS.

Local 1617 must file an amended Form LM-4 for the fiscal year ended December 31, 2018, to correct the deficient items discussed above. As agreed, Local 1617 will file a copy of its current constitution and bylaws with the amended report as soon as possible but not later than May 20, 2019.

I want to extend my personal appreciation to AFGE Local 1617 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,



Senior Investigator

cc: Mr. Rudy Guerra, President