

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



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March 12, 2020

Mr. Scott Hoose, President
American Federation of Government Employees
Local 2814
306 East King Street
Littlestown, PA 17340-1618

Case Number: 450-6016930 [REDACTED]
LM Number: 503-454

Dear Mr. Hoose:

This office has recently completed an audit of American Federation of Government Employees (AFGE) Local 2814 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 Lisa Matsinger and you on March 4, 2020, 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 organizations 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 2814's 2018 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2814 did not retain any documentation or receipts for reimbursed expenses incurred by union officers.

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. Lack of Salary Authorization

Local 2814 did not maintain records to verify that the salaries reported on the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

3. Failure to Maintain Disbursement Records

Local 2814 failed to maintain records for most of the local's disbursements during the fiscal year. All union records must be maintained.

4. Failure to Record Receipts

Local 2814 did not adequately record in its receipts records dues paid by retirees. Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Local 2814 also failed to retain deposit slips. All deposit slips must be retained.

Based on your assurance that Local 2814 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-3, filed by Local 2814 for the fiscal year ended December 31, 2018 was deficient in the following areas:

1. Delinquent LM Reports

The Labor Organization Annual Report, Form LM-3, is required to be filed within 90 days of the end of a labor organization's fiscal year. Local 2814 failed to file its LM-3 reports on time for fiscal years 2017 and 2018. The president and secretary-treasurer are personally responsible for timely filing the union's LM-3 reports. The LM-3 reports have now been filed. However, Local 2814's failure to timely file the LM-3 reports in the future could result in the initiation of enforcement proceedings.

2. Officers' Salaries

Local 2814 did not correctly report the officers' salaries in Item 24, Column D (Gross Salary). The union must report the gross salary of each officer before tax withholdings and other payroll deductions in Item 24, Column D. This amount should include disbursements for "lost time" or time devoted to union activities.

3. Disbursements to Officers

Local 2814 did not include reimbursements to Treasurer Emma Anderson totaling \$4,955 in Item 24 (All Officers and Disbursements to Officers), Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 2814 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. An "indirect disbursement" to an officer is a payment to another party (including check card companies) 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 2814 must file an amended Form LM-3 for the fiscal year ended December 31, 2018, to correct the deficient items discussed above. The amended report should be completed, signed, and filed electronically using the Electronic Forms Systems (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website. The amended Form LM-3 should be filed electronically no later than April 3, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Officer Salary

The audit revealed that Treasurer Anderson was paid a salary higher than what other officers told OLMS that she was entitled to. Since there were no meeting minutes showing the proper salary, no other action will be taken at this time. However, OLMS

recommends that Local 2814 have the officers' salaries approved at a membership meeting and document those salaries in the meeting minutes.

2. Dual Signatures

The union's constitution states that the treasurer shall sign and the president shall countersign checks for the local. The audit revealed that Local 2814 failed to have two signatures on some checks. The two signature requirement is an effective internal control of union funds. OLMS recommends that Local 2814 follow the two signature requirement in the union's constitution.

I want to extend my personal appreciation to AFGE Local 2814 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

cc: Mrs. Lisa Matsinger, Treasurer