



May 14, 2020

Mr. David Houghtaling, President
Civilian Technicians Ans Ind CH 36
Post Office Box 6364
Warner Robins, GA 31095

Case Number: 410-6014568
LM Number: 503352

Dear Mr. Houghtaling:

This office has recently completed an audit of Civilian Technicians Ans Ind CH 36 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and Treasurer Albert Fernandez on March 10, 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 (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 Chapter 36's 2017-2018 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Chapter 36 did not record in its receipts records employer dues checkoff checks direct deposited into the chapter's bank account. Union receipts 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.

2. Information not Recorded in Meeting Minutes

Article IX, Section 3 of the Chapter 36 bylaws requires that union expenses exceeding \$150 be authorized by the executive board or membership. However, Chapter 36 failed to maintain meeting minutes referencing approval of computer equipment purchased from Best Buy exceeding \$150.00. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Meal Expenses

Chapter 36 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, the receipts of meal expenses incurred by the chapter totaling at least \$50.00 indicated the purpose of the meeting but did not list the names and titles of attendees. 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.

Based on your assurance that Chapter 36 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 Chapter 36 for the fiscal year ended December 31, 2018 was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Chapter 36 did not include some reimbursements to officers totaling at least \$500 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Chapter 36 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).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Chapter 36's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Chapter 36 filed an amended Form LM-3 for the fiscal year ended December 31, 2018 to correct the deficient items discussed above.

Other Issues

Two Signatures on Checks

Article V, Section 6 of Chapter 36's bylaws requires two signatures on union checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. Chapter 36 failed to follow this requirement. OLMS recommends that Chapter 36 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Civilian Technicians Ans Ind CH 36 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: Mr. Albert Fernandez, Treasurer