

U.S. Department of Labor

Office of Labor-Management Standards
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June 24, 2020

VIA ELECTRONIC MAIL

Case Number: 130-6017112 [REDACTED]
LM Number: 514477

Ms. Kim Freeman, President
Government Employees (AFGE), AFL-CIO
Local Union 1119
PO Box 243
Montrose, NY 10548

Dear Ms. Freeman:

This office has recently completed an audit of AFGE Local 1119's fiscal year 2018 records 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) and Civil Service Reform Act (CSRA). As discussed during the exit interview with you on June 18, 2020, the following problems were disclosed during the CAP. The matter listed below is 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 1119's 2018 records revealed the following recordkeeping violations:

1. Meeting Minutes

Local 1119 failed to maintain executive board meeting minutes for the months of January, February, March, April, June, July, August, September, October and December 2018, and membership meeting minutes for the entirety of 2018. Article VI, Section 1 of the Local 1119 Bylaws states that regular meetings will be held once a month. During the audit you advised that the membership often failed to achieve a quorum, as reflected by the meeting sign-in sheets you provided. Minutes of meetings should be maintained to show who attended and the reason the meeting did not take place.

2. Lack of Salary Authorizations

Local 1119 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. During the opening interview, you advised that the membership authorized monthly stipends for executive board officers in approximately 2012. The president received \$500 per month, the chief shop steward received \$400 per quarter and the vice president received \$50 per month. In the November 2018 Executive Board meeting minutes you provided during the audit, officer stipends remained unchanged. However, you admitted that the local probably did not maintain the meeting minutes that originally authorized the stipends, including the amounts, and the authorization for the stipends were not found in any of the meeting minutes provided during the audit. 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. During the exit interview, you agreed to get the stipends authorized, approved, and recorded in the minutes.

3. Meal Expenses

Local 1119 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$253. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1119 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, a meal receipt from the Washington D.C. Capital Grille, dated February 13, 2018, was not annotated to indicate who attended and the union purpose. 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.

4. Recruitment Bonus Bucks

Local 1119 failed to maintain supporting documents to substantiate all AFGE Recruitment Bonus Bucks disbursements during the audit period, in that only some of the new member Form SF 1187s for bonus bucks paid during the audit period were kept. Unions are required to maintain supporting documents for all disbursements made to the recruiter and recruited member.

5. General Expenses

Local 1119 did not retain adequate documentation for two payments totaling \$3,600 made to Greenfields Financial Services, for accounting services and the preparation and filing of the 2018 Form LM-3 report and IRS Form 990 on behalf of the union. Labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 1119 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 LM-3 filed by Local 1119 for the fiscal years ended December 31, 2018 and December 31, 2019, was deficient in the following area:

1. Officers

Local 1119 did not report the names and titles of some officers in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

Local 1119 must file an amended Form LM-3 for fiscal years ending December 31, 2018 and December 31, 2019, to correct the deficient item discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (<https://www.dol.gov/olms/regs/compliance/efs/efsintro.htm>). The amended LM-3 forms should be submitted electronically as soon as possible, but not later than June 29, 2020. Before filing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 1119 does not have a clear policy regarding the types of expenses union officers may claim for reimbursement and the types of expenses that may be charged to union debit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to you 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