



August 7, 2020

Mr. Joshua Lepird, President
AFGE Local 171
PO Box 609
El Reno, OK 73036

Case Number: 420-6018263
LM Number: 501544

Dear Mr. Lepird:

This office has recently completed an audit of AFGE Local 171 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 and Mr. Lyon on August 3, 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 Violation

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 171's 2019 records revealed the following recordkeeping violation:

Disposition of Property

Local 171 did not maintain an inventory of watches for retirees and Walmart gift cards, it purchased and gave away. The local purchased \$2,491.74 in Fossil watches for retirees. In 2019, there were only a three retirees, and not all watches purchased were distributed. Retirees did not sign documentation for proof of acceptance, and the local did maintain an inventory list of the remaining watches. The local purchased \$8,320.00 in Walmart gift cards to distribute to members for the purchase of gasoline during the government shut down. The local maintained signature sheets, which only included illegible hand written names of some members and their signatures.

The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Local 171 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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 171 for the fiscal year ended December 31, 2019, was deficient in the following area:

Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away Walmart gift cards to members totaling \$8,320 and retirement watches to retirees totaling \$381.00, during the audit year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

The union must also report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. This would include the value of the remaining watches purchased and not distributed. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

Local 171 must file an amended Form LM-3 for the fiscal year ended December 31, 2019, to correct the deficient item discussed above. The amended Form LM-3 has now been filed.

I want to extend my personal appreciation to AFGE Local 171 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. Jeremy Lyon, Treasurer
Mr. Brian Coker, ERE Vice President
Mr. Shawn O'Brien, FTC Vice President