



March 20, 2020

Mr. Kennrik Nelson, President
Civilian Technicians Chapter 93
19675 Mockingbird Ln
Sedalia, MO 65301

Case Number: 510-6017368
LM Number: 502961

Dear Mr. Nelson:

This office has recently completed an audit of Civilian Technicians Chapter 93 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 Treasurer Robert Francis on February 28, 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 93's 2018 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Chapter 93 did not retain adequate documentation for general reimbursed expenses and debit card expenses. For example, a receipt in the amount of \$304.32 was not retained for Kennrik Nelson's hotel room for Shop Steward Training at Camden on the Lake. There was not an individual receipt in the amount of \$266.96 for Jacob Simons' airline ticket purchase for his trip to Washington D.C.

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. Meal Expenses

Chapter 93 did not require officers and employees to submit itemized receipts for all meal expenses. 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.

Chapter 93 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, when the executive board held their meetings, the attendees of the meeting were not identified on the receipt. 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.

3. Failure to Record and Maintain Receipts and Disbursements

Chapter 93 does not maintain a receipts and disbursement journal; therefore, the Chapter did not record all of the employer dues checkoff checks. For example, the Chapter receives notification from ACT National every two weeks regarding the dues remittance that is deposited into the Chapter's 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. Additionally, these records (email and attachments) from ACT National were not maintained by the Chapter. Union receipts must be maintained and recorded.

Chapter 93 did not record the disbursements made from the union's account. For example, the Chapter pays or reimburses officers for travel and the union pays for executive board meetings that produce a receipt (e.g., coffee). Union disbursement records must include an adequate identification of all the money it disburses. The records

should show the date and amount paid, who attended, and the purpose of the disbursement. Union disbursements must be maintained and recorded.

4. Failure to Identify all Persons Receiving Disbursements

Chapter 93 maintained vouchers where more than one person received a disbursement (e.g., per diem). From the voucher, it appears that only one person received that amount rather than requiring each person to complete a voucher or listing out the names of the individuals receiving the disbursement. All persons receiving a disbursement should be identified either on an individual voucher or listed out on one voucher.

5. Information not Recorded in Meeting Minutes

During the audit, Mr. Robert Francis, Jr. advised OLMS that only two of the membership meeting minutes were salvaged. The two meeting minutes that were provided, May and August 2018, did identify items to be voted on and authorized by the membership. However, the meeting minutes did not contain accurate descriptions of the motions raised and approved (or voted down or tabled to be revisited at another time) or authorizations. For example, in the August meeting minutes, it appears a vote was to take place to authorize the purchase of two laptops, an external hard drive, two computer drives, and software not to exceed \$2000. However, the meeting minutes do not identify who motioned, seconded, or if it was approved or denied. Also in the August meeting minutes, it appears a vote was to take place to authorize sending two to three individuals (two officers and a steward) to Washington D.C. for the annual ACT National Convention on February 5-10, 2019. However, the meeting minutes do not identify who motioned, seconded, or if it was approved or denied. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Chapter 93 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-4 filed by Chapter 93 for the fiscal year ended December 31, 2020, was deficient in the following areas:

1. Cash Reconciliation

Chapter 93 does not maintain a receipts and disbursements journal. It appears that the cash figure reported in Item 14 (Assets) is not the figure according to Chapter 93's bank statements. The instructions for Item 14 state that the union should report all cash on hand and in banks. However, Chapter 93 did not report \$1000 that is maintained in a Business Money Market account. The Chapter can obtain account balances from its books, which should be maintained, as reconciled to the balances shown on bank statements. Additionally, not all receipts were reported in Item 16 (Total Receipts). The Chapter reported \$8722 rather than \$11,785.

2. Total Disbursements

It appears that the figure reported in Item 17 (Total Disbursements) is not the figure according to Chapter 93's banks statements. The figure reported on the LM-4 is \$10,463; however, that figure should be \$14,792. Although the Chapter discovered fraudulent charges made to its checking account and it was reported to the bank for reimbursement, this amount is required to be reported in disbursements (with an explanation provided in Additional Information). Once the monies have been reimbursed to the union, the Chapter then reports it as a receipt (with an explanation provided in Additional Information).

Chapter 93 must file a Form LM-3 for the fiscal year ended December 31, 2018, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The Form LM-3 must be filed no later than March 27, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

1. Failure to File Appropriate LM Report

As stated above, Chapter 93 must file Form LM-3 for the fiscal year ended December 31, 2020, because the union has receipts totaling more than \$10,000 for the fiscal year.

2. Failure to Hold Regularly Scheduled Elections

The maximum period allowable between regular elections of officers is stated explicitly in the act. Elections must be held as often as required by the union's constitution and bylaws, but at least every three years in local unions. However, according to Chapter 93's constitution and bylaws, Article IV, Section 3, officers are elected every four years.

Chapter 93 must amend and/or update this portion of its constitution and bylaws and file that copy with OLMS with its next (2019) fiscal year LM report.

I want to extend my personal appreciation to Civilian Technicians Chapter 93 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure

Mr. Kennrik Nelson

March 20, 2020

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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,

A large black rectangular redaction box covering the signature area.A smaller black rectangular redaction box covering the name of the investigator.

Investigator

cc: Mr. Robert Francis, Treasurer