



Sent by email to: [REDACTED] and [REDACTED]

July 29, 2020

Mr. Thomas Hickey, President
Government Security Officers
Local 275
P.O. Box 130671
Ann Arbor, MI 48113

Case Number: 320-6018182 [REDACTED]
LM Number: 544297

Dear Mr. Hickey:

This office has recently completed an audit of Government Security Officers (UGSOA) Local 275 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 Elizabeth Deyarmond on July 24, 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 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain 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 275's 2019 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 275 did not retain adequate documentation for disbursements to vendors and payments to you totaling at least \$2,669. For example, adequate supporting documentation was not retained for a \$1,310.30 debit card charge the union made to Esquire Solutions for arbitration

expenses. In support of this expense, Local 275 only retained a bank statement and meeting minutes, which are not sufficient. As other examples, adequate supporting documentation was not retained for \$44.04 reimbursement to you for a meal expense you incurred while traveling on union business. In support of this expense, Local 275 only retained an expense voucher, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. 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. 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. Reimbursed Auto Expenses

You and member [REDACTED] received reimbursement for the business use of your personal vehicles but did not retain adequate documentation to support payments to yourself and [REDACTED] totaling at least \$116 during audit period. Mileage reimbursements for you and [REDACTED] were claimed on expense vouchers that identified the number of miles driven and mileage reimbursement rate; however, many of the vouchers were not sufficient because they failed to adequately identify the locations traveled to and from, the date the mileage was incurred, and/or the union business conducted. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lost Wages/Travel Time

Local 275 did not retain adequate documentation for lost wage and travel time reimbursement payments to you, Ms. Deyarmond, and [REDACTED] totaling at least \$1,936 during the audit year. The union must maintain records in support of lost wage and travel time claims that identify each date lost wages or travel time were incurred, the number of hours lost or travelled on each date, the applicable rate of pay, and a description of the specific union business conducted. The audit found that the union retained vouchers for lost wage and travel time reimbursements, but in some instances the vouchers were not sufficient because you, Ms. Deyarmond, and [REDACTED] did not always identify that date the lost wages and/or travel time were incurred or adequately describe the union business conducted.

Following the exit interview, I emailed you a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 275 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local

must maintain for lost wages and other officer expenses.

Based on your assurance that Local 275 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 275 for the fiscal year ended June 30, 2019, was deficient in the following areas:

1. Disbursements to Officers

Local 275 did not include disbursements to you and Ms. Deyarmond totaling at least \$1,870 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). Local 275's disbursements records indicate that you and Ms. Deyarmond received gross salary (including lost wages and travel time) of \$1,870; however, the total amount reported in Column D of Item 24 for you and Ms. Deyarmond was \$0. It appears the union erroneously reported the gross salary (including lost wages and travel time) paid to Ms. Deyarmond in Column E (Allowances and Other Disbursements), rather than in Column D; additionally, the union may have erroneously included your gross salary (including lost wages and travel time) in the amount it reported in Column E for Ms. Deyarmond.

Additionally, Local 275 over reported reimbursements it made to Ms. Deyarmond and Vice President Smith North IV and did not include reimbursements it made to you in the amounts reported in Item 24, Column E. Local 275's disbursements records indicate that Ms. Deyarmond and Mr. North IV received no reimbursed expenses; however, the total amount reported in Column E of Item 24 for Ms. Deyarmond and Mr. North IV was \$2,779. Local 275's disbursement records indicate that you received reimbursed expenses totaling \$435; however, the total amount reported in Column E of Item 24 for you was \$0. Aside from the errors noted in the previous paragraph, it's not clear what else contributed to these reporting errors.

Local 275 must report in Column D of Item 24 gross salaries (before tax withholdings and other payroll deductions) of union officers, including disbursements for lost wages and travel time. Local 275 must report in Column E of Item 24 direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column E of Item 24 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. 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.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 275 amended its constitution and bylaws in 2015, but did not file a copy with its LM report for that year. Local 275 has now filed a copy of its 2015 constitution and bylaws.

I am not requiring that Local 275 file an amended LM report for 2019 to correct the deficient items, but Local 275 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Travel Time Reimbursement Policy

Local 275 disbursed funds totaling at least \$96 to officers for the reimbursement of “travel time” during the audit year. Travel time is paid by Local 275 for time spent traveling to and from locations to conduct union business and is paid in addition to mileage. During the opening interview, you and Ms. Deyarmond indicated that union travel time is paid in accordance with Local 275’s collective bargaining agreement with its employer; however, a review of the agreement revealed that the “travel time” provision in it only applies to employer paid travel time for employees that are required to work more than 50 miles (one-way travel) from their regular work-site. Local 275 does not have documentation that clearly identifies its own travel time expense policy.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering travel time payments. OLMS recommends that unions (1) adopt clear policies and procedures for making travel time or similar payments and (2) use vouchers that require detailed information to support travel time payments. These practices will allow the union to properly report travel time payments on the Labor Organization Annual Report Form LM-3.

OLMS recommends that union policies and procedures for travel time be reduced to writing and added to your union’s bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for travel time. You may want to have your union’s trustees or auditors compare the steps taken to pay travel time with the union’s policies to make sure that all required procedures are being followed.

I want to extend my personal appreciation to Government Security Officers Local 275 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,

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

Investigator

cc: Ms. Elizabeth Deyarmond, Treasurer