

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



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August 31, 2020

John Siegmund, President
National Treasury Employees Union
Chapter 48
400 N 8th St., Room 440
Richmond, VA 23219

Case Number: 450-6017365 [REDACTED]
LM Number: 503-292

Dear Mr. Siegmund:

This office has recently completed an audit of National Treasury Employees Union (NTEU) Chapter 48 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 Treasurer Ronald McCollum and you on August 21, 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 48's fiscal year ending September 30, 2018 records revealed the following recordkeeping violations:

1. General Reimbursed and Check Card Expenses

Chapter 48 did not retain adequate documentation for reimbursed expenses and check card expenses incurred by union officers. For example, a union check was written for reimbursement to a union officer, but there was nothing in the union records to document the reason for the reimbursement. The union also failed to retain receipts for numerous check card purchases and there was no union purpose in the records for some of those purchases, including for parking. In addition, there was nothing in the union records to indicate who made each check card purchase.

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. General Expenses

Chapter 48 did not retain adequate documentation for some disbursements made during the audit period. All union receipts must be maintained. In addition, there must be something in the union's records to explain the purpose of the disbursement if the purpose is not clear on the receipt.

3. Failure to Maintain Receipt Records

Chapter 48 did not retain some records for receipts received by the union during the fiscal year. For example, the union failed to maintain some dues check off reports provided by the employer. In addition, there was nothing in the union records to identify the items that made up some deposits into the union's bank account. All union records must be maintained.

Based on your assurance that Chapter 48 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 48 for the fiscal year ended September 30, 2018, was deficient in the following areas:

1. Disbursements to Officers

Chapter 48 did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Chapter 48 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. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Chapter 48 amended its constitution and bylaws in 2016, but did not file the required copies with its LM report for that year. Chapter 48 has now filed a copy of its constitution and bylaws.

I am not requiring that Chapter 48 file an amended LM report for 2018 to correct the deficient items, but Chapter 48 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Signatures on Union Checks

The audit revealed that most of the union checks were signed by only one officer. A two signature requirement is an effective internal control of union funds. OLMS recommends that Chapter 48 review this procedure and implement a two signature requirement on every check to improve the internal control of union funds.

2. Access to Online Banking Portal

The audit revealed that only one union officer has access to the union's online banking portal. OLMS recommends that at least two union officers have access to the union's

online banking portal to improve the internal control of union funds.

3. Failure to Record Disbursements in Union Books

The audit revealed that the union failed to record some disbursements in its books. OLMS recommends that Chapter 48 record all union disbursements in its books.

I want to extend my personal appreciation to NTEU Chapter 48 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 solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Ronald McCollum, Treasurer