



September 30, 2020

Ms. Pamela Millwood, President
Government Employees AFGE AFL-CIO
Local 3981
P. O. Box [REDACTED]
Jesup, GA 31598

Case Number: 410-6017343 [REDACTED]
LM Number: 528214

Dear Ms. Millwood:

This office has recently completed an audit of Government Employees AFGE AFL-CIO Local 3981 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 Vice-President William Black on September 29, 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 Local 3981's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 3981 did not retain adequate documentation for reimbursed and credit card expenses incurred by officers totaling at least \$4,663.87. For example, the local did not maintain a credit card receipt for an airline ticket purchased for a union official for in the amount of \$312.20. Additionally, the union reimbursed an officer for airline baggage fees totaling at least \$90 but there is no receipt to support the reimbursement. Union officials did not provide a description of the union business conducted for hotel charges and other travel expenses charged to the local's credit card totaling at least \$4,261.67. Union records should reflect a description of the union business conducted.

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

Local 3981 did not retain adequate documentation for general expenses totaling at least \$1,050. For example, the local did not maintain documentation for expenses paid to a vendor for \$350.00. Additionally, the local did not maintain documentation for bonus buck recruitment payments totaling at least \$700.

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.

3. Meal Expenses

Local 3981 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, the local incurred a meal expense totaling at least \$273.48, but union records did not indicate the purpose of the meal and did not identify the meal attendees. 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. Per Diem Payments

Local 3981 records for per diem payments did not always include the dates in which the per diem expense were incurred. For example, the local disbursed \$730 and \$4,017 in per diem payments in 2018 and 2019, respectively, but union records do not indicate the dates

the union officials traveled when the expenses were incurred. All travel expenses should reflect the dates traveled, the daily per diem rate, and the union business conducted.

5. Lost Wages

Local 3981 did not retain adequate documentation for lost wage reimbursement payments to the election committee members and to the member who conducted a union audit totaling at least \$1,223.73. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 3981 did not indicate in its records the dates the wage expense were incurred. It is recommended that Local 3981 utilizes a voucher systems to track lost wages or paid.

I provided a compliance tip sheet, Union Lost Time Payments that contained a sample of an expense voucher Local 3981 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.

6. Disposition of Property

Local 3981 did not maintain an inventory of sport bottles, gift cards, and jackets that it purchased and gave away. 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.

7. Failure to Record Disbursements

Local 3981 did not record in its records a cash disbursement from its banking account totaling at least \$100. Union disbursement records must include an adequate identification of all money the union disburses. The records should show the date, amount, and purpose of each disbursement

8. Receipt Records

Local 3981 did not record in its receipts records the source of some monies it received from totaling at least \$8,225.43 during fiscal years ending December 31, 2018 and December 31, 2019. For example, the union received reimbursements totaling at least \$3,476.14 during fiscal year ending December 31, 2019, but the source of those receipts were not identified in union records. Additionally, the union received \$4,749.29 in receipts from members and

its intermediate body during fiscal year ending December 31, 2018, but the source of the monies were not identified in union records. 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.

Based on your assurance that Local 3981 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 Local 3981 for the fiscal year ended December 31, 2019 was deficient in that:

1. 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 jackets, gift cards, and sports bottles totaling more than \$1,406.17 during the 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.

2. Disbursements to Officers

Local 3981 did not report the names of some officers and the total amounts of payments to them or on their behalf 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 3891 included dues reimbursements and other payments to officers in Column D (Gross Salary) of Item 24. These disbursements should have been reported in Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 3891 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).

I am not requiring that Local 3891 file an amended LM report for 2019 to correct the deficient item, but Local 3891 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers, and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 3891's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 3891 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issue

Cash Disbursements

Local 391 made cash disbursements totaling at least \$205 in 2019 and \$1,636.50 in 2018. OLMS recommends that all disbursements are made by check. Disbursements by check with a two signature requirement provides an effective internal control of union funds

I want to extend my personal appreciation to Government Employees AFGE AFL-CIO LU 3981 for the cooperation and courtesy extended during this compliance audit. I strongly recommend

Ms. Pamela Millwood

September 30, 2020

Page 6 of 6

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 of the investigator.

Investigator

cc: Mr. William Black, Vice-President
Ms. Kristen Darley, Secretary-Treasurer