



October 23, 2020

Mrs. Robin Goode, President  
AFGE Local 817

Case Number: 350-6020023 [REDACTED]  
LM Number: 502140

SENT VIA ELECTRONIC MAIL TO [REDACTED] and [REDACTED]

Dear Mrs. Goode:

This office has recently completed an audit of American Federation of Government Employees Local 817 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 Jodi Dize on October 22, 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 817's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 817 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by [REDACTED], Jodi Dize, and Robin Goode totaling at least \$2,818.01. For example, Local 817 failed to provide during the compliance audit copies of all hotel bills and airline tickets purchased for official travel. There were a total 18 instances during the audit period where there was a credit card charge, with no supporting documentation and only a supporting memo, signed by Jodi Dize and Robin Goode.

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

Local 817's 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, there were charges at BJ's Restaurant, Tilted Kilt, Jalapeno's, Applebee's, Logan's Roadhouse, Papa Johns, and Top Golf, all of which failed to include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

3. Disposition of Property

Local 817 did not maintain an inventory of property. The union must report the value of any union property on hand at the beginning and end of each year in Statement A of the LM-3. Therefore, Local 817 must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Statement A. In addition, the union must maintain a record of property purchased, sold, donated or otherwise disposed of and also report that information on the LM-3 in the appropriate items. 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.

4. Failure to Record Receipts

Local 817 did not record in its receipts records some employer dues checkoff checks and some checks received from banks for interest earned on certificates of deposit totaling at least \$23,720.09. For example, for the period of August 29, 2019 to December 20, 2019 there were 15 dues checkoff checks, totaling \$20,897.66, which were deposited in Local 817's account, but not accounted for in the union's 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.

5. Failure to Record Disbursements

Local 817 did not record in its disbursements records all credit card expenses. For example, for the period of July 27, 2019 to December 26, 2019 there were a total of \$16,644.72 in credit card disbursements from Local 817's account, but they were not accounted for in the union's records. Union disbursements must include an adequate identification of all money the union spends. The records should show the date and amount disbursed, and the source of the disbursement.

Based on your assurance that Local 817 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-3 filed by Local 817 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (LM-3) (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 t-shirts totaling more than \$886.44 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 817 did not include some reimbursements to officers totaling at least \$10,847 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 817 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).

Local 817 did not report Vice President Charles Parks and the total amount of payments to him or on his 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.

3. 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. Local 817 amended its constitution and bylaws in 2009, but did not file the required copies with its LM report for that year.

Local 817 has now filed a copy of its constitution and bylaws.

4. Inadequate Bonding Reported

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.

Local 817's officers and employees are currently bonded for \$12,500 with a safety net rider, but they must be bonded for at least \$15,276. Local 817 should update the policy and report adequate bonding coverage for its officers and employees.

I am not requiring that Local 817 file an amended LM report for 2019 to correct the deficient items, but Local 817 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

1. Expense Policy

As I discussed during the exit interview with you and Treasurer Jodi Dize, the audit revealed that Local 817 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to American Federation of Government Employees Local 817 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: Mrs. Jodi Dize, Treasurer