

**U.S. Department of Labor**  
Office of Labor-Management Standards  
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November 30, 2020

Johann Garcia, President  
National Treasury Employees Union  
Chapter 128  
8253A Backlick Road  
Post Office Box 902  
Newington, VA 22122-0902

Case Number: 450-6018307  
LM Number: 512-061

Dear Johann Garcia:

This office has recently completed an audit of National Treasury Employees Union Chapter 128 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 Executive Vice President Robert Odom, Treasurer Ghislain Montes De Oca, Recording Secretary Eva Garrett and you 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 Chapter 128's fiscal year ending September 30, 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Check Card Expenses

Chapter 128 did not retain adequate documentation for reimbursed expenses and check card payments made by union officers. For example, on June 22, 2019 there was a charge on the union's check card at Home Depot. While there was a voucher for this disbursement, the union failed to retain the itemized receipt/invoice detailing the items purchased.

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 128 did not retain adequate documentation for some disbursements made during the audit period. For example, On June 22, 2019 there was a charge at Michael's Store #88. The union did not have a receipt in its records which listed what was purchased or the union purpose. As noted above, union must maintain original receipts, bills, and vouchers for all disbursements.

3. Failure to Record Receipts

Chapter 128 did not record in its receipts records some receipts taken in during the audit period. During the audit period, there were checks and credits deposited into the general checking account from sources other than union dues. These transactions were not recorded in the union's books. 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.

4. Meal Expenses

Chapter 128 did not require officers to submit itemized receipts for 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 fulfill the recordkeeping requirement of LMRDA Section 206.

Chapter 128 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 on the union's check card at Roti, Cava, and Taylor Gourmet. 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

Based on your assurance that Chapter 128 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 128 for the fiscal year ended September 30, 2019, was deficient in the following areas:

#### 1. Disbursements to Officers

Chapter 128 did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers) for fiscal year ending September 30, 2019.

The union must report most direct disbursements to Chapter 128 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 128 amended its constitution and bylaws in September 2016, but did not file the required copies with its LM report for that year. Chapter 128 has now filed a copy of its constitution and bylaws.

Chapter 128 must file an amended Form LM-3 for the fiscal year ended September 30, 2019, 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](http://www.olms.dol.gov). The amended Form LM-3 must be filed no later than December 18, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

### Other Issues

1. Personal Expenses With Union Check Card

The audit revealed that you used the union's check card to purchase meals totaling \$291.51. You agreed to repay Chapter 128 for these meals and have already done so. OLMS recommends that Chapter 128 adopt written guidelines concerning the personal use of the union's check cards.

2. Reimbursement of Personal Expenses

The audit revealed that Chapter 128 Executive Vice President Odom was reimbursed for his hotel bill for a union trip. The hotel bill included personal meals for his wife and purchases at the hotel gift shop. The audit revealed that Executive Vice President Odom was reimbursed for these expenses totaling \$242.20. Executive Vice President Odom agreed to repay Chapter 128 for these expenses and has already done so. OLMS recommends that Chapter 128 closely review all expenses for personal charges before any reimbursements are paid.

3. Separation of Duties

The audit revealed that during 2018 and 2019, there was only one union officer in control of the union's books. This is not a sound internal control of union funds. I recommend that the union review its policy regarding the number of officers involved in the financial process.

I want to extend my personal appreciation to National Treasury Employees Union Chapter 128 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