

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



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February 9, 2021

Kimberly Parker, President
National Treasury Employees Union
Chapter 228
19901 Germantown Rd
Suite #2283
Germantown, MD 20874

Case Number: 450-6017364
LM Number: 515-476

Dear Ms. Parker:

This office has recently completed an audit of National Treasury Employees Union (NTEU) Chapter 228 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 Shirley Frazier and you on January 26, 2021, 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 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 228's fiscal year ending September 30, 2018 records revealed the following recordkeeping violations:

1. General Reimbursed and Check Card Expenses

Chapter 228 did not retain adequate documentation for reimbursed expenses and check card expenses incurred by union officers. There was not sufficient supporting documentation for several checks written to a union officer. In addition, there were no receipts in the union's records for numerous check card purchases.

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. Cash Withdrawals

Chapter 228 did not retain adequate documentation for some cash withdrawals made during the audit period. There were no receipts for these withdrawals in the union's records and nothing to document what the funds were used for. As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. If the expense receipt is not sufficiently descriptive, there should be information in the union records regarding what the funds were used for. 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. Failure to Maintain Receipt Records

Chapter 228 failed to maintain records for some receipts received by the union during the fiscal year. The union failed to retain a dues check-off report and some deposit slips. All union records must be maintained.

4. Disposition of Property

Chapter 228 did not maintain an inventory of gift cards and other property it purchased, sold, or gave away. For example, during the audit period, the union gave away gift cards and other items at union social events. 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 these items. If the items were given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Chapter 228 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Union Officer Overpaid

The audit revealed that a union officer was paid twice by the union for a reimbursement the officer submitted. This officer has repaid Chapter 228 for the \$703.50 overpayment.

2. Access to Union Online Banking Portal

The audit revealed that only one union officer has access to the union's online bank account. OLMS recommends that at least two union officers have access to the union's online banking to improve the internal control of union funds.

I want to extend my personal appreciation to NTEU Chapter 228 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: Shirley Frazier, Treasurer