



March 24, 2021

Ms. Lisa M. Schutt, President
Government Employees AFGE AFL-CIO,
Local Union 3953, DLA, Florida Employees
3555 Maguire Blvd
Orlando, FL 32803

Case Number: 410-6015724 [REDACTED]
LM Number: 516890

Dear Ms. Schutt:

This office has recently completed an audit of Government Employees AFGE AFL-CIO, Local Union 3953, DLA, Florida Employees 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 Donald J. Bouws, 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.

Record Keeping 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 3953's 2018 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 3953 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$73.52. 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 sufficiently fulfill the recordkeeping requirement of Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7.

Local 3953 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, a travel voucher submitted on 5/3/2018, and approved on 5/15/2018, paid by check [REDACTED] which included a \$73.52 lunch for executive board members (5) lacks the necessary supporting documentation.

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.

2. Receipt Dates not Recorded

Entries in Local 3953's "AFGE Union Local 3953, Annual Report, January 1, 2018, to December 31, 2018, reflect the month the dues money was deposited, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Information not Recorded in Meeting Minutes

A review of the local's records disclosed multiple months where meeting minutes were not kept. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. Executive board meeting minutes were provided for February, May, October, and November. Membership meeting minutes were provided for March, June, September, and November. Executive board meeting minutes were not provided for January, April, August, or December. There were no membership meeting minutes provided for January, February, April, May, July, August, October, or December.

Based on your assurance that Local 3953 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

No Second Signature

During the audit year, nearly half of the checks written from the local's account had only one signature. The two signature requirement is an effective internal control of union funds. OLMS recommends that Local 3953 review these procedures to improve internal control of union funds.

Other Issue

Expense Policy

As I discussed during the exit interview, the audit revealed that Local 3953 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 the union. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Government Employees (AFGE), AFL-CIO, Local Union 3953, DLA, Florida Employees, 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,



Senior Investigator

cc: Mr. Donald J. Bouws, Treasurer