

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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October 11, 2007

Ms. Margaret Adams, Treasurer
National Federation of Federal Employees Local 2062
1017 Tall Grass Circle, Apt. 102
Stow, Ohio 44224-2988

LM File Number: 540-986
Case Number:

Dear Ms. Adams:

This office has recently completed an audit of under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on October 3, 2007, 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 requires, among other things, that adequate records be maintained for at least 5 years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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.

The audit of Local 2062's records for the fiscal year ending December 31, 2006 revealed that a disbursement to one of the union officers did not have receipt documentation attached. In addition, there was no supporting documentation in the meeting minutes for the approval of this disbursement. As noted previously above, labor organizations must retain original receipts, bills, and vouchers for all disbursements.

Based on your assurance that Local 2062 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-4 filed by Local 2062 for fiscal year ending December 31, 2006, was deficient in the following areas:

Item 14 - The value of the union's assets was reported incorrectly.

Item 17 - Total disbursements should only include items that are disbursed from the union's checking account. Your per capita tax does not fall into this category because it was paid directly to the International from the members' paychecks.

Item 18 - Payments to officers was reported incorrectly. Any payment to an officer or employee for salaries, lost time, allowances, or expense reimbursements must be recorded.

The audit also disclosed that Local 2062 had a fundraising campaign, which raised \$120 for the Harvest for Hunger organization. The funds were collected at union meetings and were then disbursed to the charity by a personal check from union member [REDACTED]

When the union organizes a fundraising campaign, the funds that are collected should be deposited into the union's checking account, and then, be disbursed by check from the union's checking account and not a member's checking account.

It is agreed that in the future, any funds received by fundraising activities will be deposited into the union's bank account and then disbursed by a union check.

I am not requiring that Local 2062 file an amended LM-4 report for 2006 to correct the deficient items, but as agreed, Local 2062 will properly report the deficient items on all future reports filed with this agency.

Other Issues

The audit disclosed that a past officer was still listed as a signatory for the checking account. OLMS recommends in the future when there are changes to the officer positions, please be sure to update the checking account signature cards as quickly as possible. We also recommend there be two signatures required on every union check written. The two signature requirement is an effective internal control of union funds.

I want to extend my personal appreciation to you 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,

Fred Vaudrin
District Director

cc: Tim Kerr, President