

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 9, 2009

Mr. Thomas Scott, President
Government Employees, AFGE AFL-CIO LU 987
1764 Watson Blvd.
Warner Robins, GA 31099-1079

LM File Number 501-303
Case Number: [REDACTED]

Dear Mr. Scott:

This office has recently completed an audit of LU 987 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, Executive Vice President Charlie Tripis, Treasurer Jeanette Mc Elhaney and Bookkeeper Linda Baxter on January 8, 2009, 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.

The CAP disclosed the following violations:

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 987's 2007 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 987 did not retain adequate documentation for credit card expenses incurred totaling at least \$8,931 for meal expenses because the names of the individuals who were in attendance were not properly documented.

As previously 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.

Union officers and employees failed to maintain adequate documentation for expenses charged to union credit cards that were directly paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

2. Failure to Record Receipts

Local 987 did not record in its receipts records interest earned on SunTrust Bank certificates of deposit totaling at least \$5,464.70. The union failed to report interest

of \$2,920.71 and \$2,543.99. 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.

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 the 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

During the audit, we noted that Article VI of the local constitution Section 1 states that regular meetings of the Local shall be held twice a month at a time and place selected by the Local. Article I of the bylaws, states that regular meetings of the Local will be held twice monthly on the First and Third Tuesdays at Warner Robins, Georgia at 7:30 P.M. According to the local constitution, the recording Secretary shall take and keep accurate and correct minutes of each regular meeting of AFGE Local 987, and its Executive Council Meetings. These minutes shall be prepared by the Recording Secretary for distribution to the members of AFGE Local 987 at the next meeting. However, many of the minutes of the meetings were missing, so consequently not all information was recorded or available.

Conclusion/Recordkeeping Violations

As agreed, provided that Local 987 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violation

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-2 filed

by Local 987 for fiscal year ending December 31, 2007, was deficient in the following area:

1. Cash Reconciliation

The cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. A certificate of deposit is considered cash (regardless of the term length). The union failed to secure statements from two SunTrust CDs, so consequentially cash did not reconcile by \$5,464.70.

I am not requiring that Local 987 file an amended LM report for 2007 to correct the deficient item, but as agreed, Local 987 will properly report the deficient items on all future reports filed with this agency.

Other Violation

The CAP disclosed the following other violation:

1. Inadequate Bonding

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. Officers and employees of Local 987 are currently bonded for \$100,000; however, they must be bonded for at least \$224,190.

The audit revealed that Local 987's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

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I want to extend my personal appreciation to LU 987 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: Treasurer Jeanette Mc Elhaney