

U.S. Department of Labor

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Office of Labor-Management Standards
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December 8, 2009

Mr. Jackie M. Calendar, President
Federal Employees, NFFE
Local 1124
7400 Leake Ave.
New Orleans, LA 70130

LM File Number: 502-892
Case Number: [REDACTED]

Dear Mr. Calendar:

This office has recently completed an audit of Federal Employees, NFFE, Local 1124 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 Secretary/Treasurer Keiara Phillips on June 10, 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.

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 1124's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1124 did not retain adequate documentation for reimbursed expenses incurred by Secretary/Treasurer Tasha White totaling at least \$151.22. For example, White received \$95.39 as reimbursement for copies in January 2008, but there was no documentation of the union purpose for these copies. Similarly, White received \$55.83 as reimbursement in May 2008 for cards, but there was no receipt or other information to provide the amount of the cards, who received them, or the union purpose.

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.

2. Information not Recorded in Meeting Minutes

During the audit, Mr. Calendar advised OLMS that the executive board authorized disbursements for flowers and gifts for members during various meetings or by email. Article VI, Section 1 of the local's bylaws states in part that "the Executive Board shall meet at least monthly and accurate minutes of each meeting shall be kept. Article VI, Section 2 states in part that "the Executive Board shall ensure that no funds are expended unless authorized by the membership or Executive Board in consonance with authorities and limits established by the membership." However, Local 1124 maintained no minutes of those meeting or copies of the emails. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1124 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 Local 1124 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Amount of Fidelity Bond

The union failed to report its bond of \$10,000 in Item 20. As stated in the LM-3 report instructions, the maximum amount recoverable for a loss caused by any officer, employee, or agent of your organization who handled your organization's funds should be entered in Item 20.

2. Rates of Dues and Fees

The union reported dues in Item 23 (a) as the total received from all members on a monthly basis rather than the total that would be paid per month by each member. As stated in the LM-3 report instructions, the regular dues or fees or other periodic payments which a member must pay to be in good standing in your organization and the calendar basis for the payment (per month, per year, etc.) must be entered in Item 23, Line (a).

3. Statement B

The union erroneously reported the total amount of dues paid by members as receipts in Item 38 when they actually receive only a portion from the National after per capita tax is deducted. As stated in the LM-3 report instructions, if an intermediate or parent body receives dues checkoff directly from an employer on behalf of your organization, do not report in Item 38 the portion retained by that organization for per capita tax. The union erroneously reported per capita tax received in Item 39 though the union does not receive per capita tax. The union erroneously reported per capita tax paid in Item 47 though the per capita tax is deducted directly from the members' dues by the National.

4. Failure to File

Local 1124 failed to file the required Labor Organization Annual Report for fiscal year ending December 31, 2008. Labor Organization Annual Reports must be filed within 90 days after the end of your organization's fiscal year. The law does not grant an extension of time for filing reports.

I am not requiring that Local 1124 file an amended LM-3 report for 2007 to correct the deficient items, but Local 1124 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 1124 has now filed the delinquent annual report on Form LM-4 for fiscal year ending December 31, 2008.

Other Issue

LM Form

The union could be using Form LM-4 Labor Organization Annual Report for their annual report since the union receives less than \$10,000 in total annual receipts.

I want to extend my personal appreciation to Federal Employees, NFFE, Local 1124 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: Ms. Keiara Phillips, Secretary/Treasurer