

April 26, 2012

Mr. Michael McCartan, Treasurer  
Government Employees, AFGE, AFL-CIO  
Local 2580  
[REDACTED]  
West Seneca, NY 14224

Case Number: [REDACTED]  
LM Number: 501388

Dear Mr. McCartan:

This office has recently completed an audit of AFGE Local 2580 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 President Dale Breister on April 18, 2012, 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 Violation

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 2580's 2010 records revealed the following recordkeeping violation:

#### General Reimbursed Expenses

Local 2580 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$368. For example, expenses were reimbursed to an individual for a holiday party totaling \$271.45; however, no receipts or other backup documentation was maintained by the union to describe the expenses.

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.

Based on your assurance that Local 2580 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 2580 for fiscal year ending January 31, 2011, was deficient in the following areas:

##### 1. Disbursements to Officers and Employees

Local 2580 did not include some reimbursements to officers and employees totaling at least \$572 in the amounts reported Item 24 (All Officers and Disbursements to Officers) as well as Items 45 and 46 (Disbursements to Officers and Employees).

The union must report most direct disbursements to Local 2580 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

## 2. Fixed Assets

Local 2580 did not report its fixed assets in Item 29 (Fixed Assets) both at the beginning and end of the fiscal year. The book value of all fixed assets, including laptop computers owned by Local 2580, must be reported in Item 29.

I am not requiring that Local 2580 file an amended LM report for 2011 to correct the deficient items, but Local 2580 officers have agreed to properly report the deficient items on all future reports filed with OLMS.

## 3. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Local 2580 amended its constitution and bylaws in 2004, but did not file the required copies with its LM report for that year.

Local 2580 has now filed a copy of its constitution and bylaws and is in compliance in this regard.

I want to extend my personal appreciation to AFGE Local 2580 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: Mr. Dale Breister, President