



September 30, 2013

Mr. Gary Rennard, Vice President of Finance
AFGE Local 3529
325 McDonnell Boulevard
Mail Code S306-1420
Hazelwood, MO 63042

Case Number: 550-11727 [REDACTED]
LM Number: 512593

Dear Mr. Rennard:

This office has recently completed an audit of AFGE Local 3529 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 on September 30, 2013, 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 3529's 2012 records revealed the following recordkeeping violations:

1. Expenses to Officers

Local 3529 did not retain adequate documentation for some reimbursed expenses incurred by union officers. For example, backup documentation for reimbursed expenses, such as taxi, mileage, and parking were not retained for the 2012 AFGE DEFCON Training Conference. Also, adequate information for per diem, such as the number of days and the amount of daily per diem, was not retained for this conference.

As 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. Disbursement Approval

During the audit, Mr. Rennard advised OLMS that the executive board approved large and/or unusual disbursements by e-mail. However, a majority of these approval e-mails were not retained by the local. E-mails regarding the approval of disbursements must be retained by the local.

Based on your assurance that Local 3529 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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-3) filed by Local 3529 for the fiscal year ended December 31, 2012, was deficient in that:

Disbursements Not Properly Reported

The local did not correctly report disbursements on the 2012 LM-3 report. Disbursements were only reported in Item 45 To Officers, Item 47 Per Capita Tax, and Item 54 Other Disbursements. After reviewing Local 3529's records, it appears that the disbursements reported in Item 54 Other Disbursements should have been distributed between the following LM-3 Item numbers: 46 To Employees, 48 Office and Administrative Expense, 49 Professional Fees, 51 Contributions Gifts and Grants, and 54 Other Disbursements.

I am not requiring that Local 3529 file an amended LM report for 2012 to correct the deficient items, but Local 3529 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 3529 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Duplicate Receipts

Retired members of Local 3529 pay dues directly to the union. You record dues payments in the union's receipts journal, but you do not issue receipts to dues payers. OLMS recommends that Local 3529 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to AFGE Local 3529 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. Leroy Turner, President