



September 23, 2013

Mr. Michael Gross, Treasurer
Government Employees, AFGE, AFL-CIO, Local Union 948
14 Country Hill Lane
Smithfield, RI 02917

Case Number: 110-17645 [REDACTED]
LM Number: 502288

Dear Mr. Gross:

This office has recently completed an audit of Government Employees, AFGE, AFL-CIO, Local Union 948 (Local 948) 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 Martin-Mitchell on September 16, 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 948's 2012 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 948 did not retain adequate documentation for expenses incurred by former Treasurer [REDACTED] President, Martin-Mitchell, and Executive Vice President Paul Tracy totaling at least \$690. For example, [REDACTED] was reimbursed \$30 for a budget meeting held on July 7, 2012, but no supporting documentation was provided such as a receipt or invoice for this expense. Additionally, Martin-Mitchell was reimbursed \$360 for a cell phone expense that lacked any supporting documentation such as a receipt or invoice. Finally, Tracy was reimbursed by check dated [REDACTED] for \$240 for half of the Democratic National Club dues, but the supporting documentation provided for this expense was from July 2009. You explained that the supporting documentation from 2009 was provided to OLMS as an example of a similar bill that was paid in 2009, but you were unable to provide an invoice or receipt verifying the legitimacy of the similar payment made in 2011.

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 Dates Recorded Incorrectly

Entries in Local 948's disbursement journal reflect the incorrect date that the union issued checks. An example of this is found with check number [REDACTED] which was issued to the AFGE in the amount of \$4668.00 for Per Capita payments. The check for this payment is dated April 4, 2012, but the union's ledger shows an issuance for this check on March 18, 2012. Union disbursement records must show the date of the disbursement. The date of the disbursement 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 money was disbursed could result in the union reporting some disbursements for a different year than when it actually made them.

Based on your assurance that Local 948 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 948 for the fiscal year ended 06/30/12, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away six pack coolers and pocket can holders totaling more than \$3,762.24 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 948 did not include lost time salary and stipend payments to former Treasurer Kruja totaling at least \$3,557 in the amounts reported Item 24 Column D (All Officers and Disbursements to Officers - Salary). It appears the union erroneously reported these payments in Item 24 Column E (All Officers and Disbursements to Officers – Allowances and Other Disbursements)

The union must report most direct disbursements to Local 948 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).

I am not requiring that Local 948 file an amended LM report for 2012 to correct the deficient items, but Local 948 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

During the course of the audit, it was discovered that President Martin-Mitchell was issued a payment with check number [REDACTED] dated 06/30/12 for travel expenses related to an AFGE District 2 meeting and leadership training held in Mashantucket, CT over the period November 13-15, 2011. Upon review, it was revealed that there were several problematic issues regarding this

payment, including: it was marked void in the union's ledger, yet cleared the union's bank, and another check was issued in its place for the same expense with check [REDACTED] dated [REDACTED] [REDACTED] in the amount of \$940.24. Additionally, review of Local 948's ledger revealed that check number [REDACTED] was carried in the union's books as having not cleared for several months after it was issued and cleared the union's bank. An interview with former Treasurer [REDACTED] disclosed that if a check didn't clear the union's bank, [REDACTED] would issue a new check, but not put a stop payment on the check that was being replaced. In light of this information, it appears that check number [REDACTED] was issued in error due to a clerical mistake.

President Martin-Mitchell acknowledged that she was paid twice for the same expense, and has voluntarily reimbursed Local 948 \$940.24 and provided proof of her reimbursement to the Department of Labor. I strongly recommend that careful attention be paid in the future if Local 948 re-issues payments. Specifically, prior to voiding a check, financial officers of Local 948 should confirm that the check has not cleared, place a stop payment on the check being replaced, and/or confirm its whereabouts.

I want to extend my personal appreciation to Local 948 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,

[REDACTED]
Investigator

cc: Ms. Pamela Martin-Mitchell, President