



January 8, 2014

Ms. Teri James, President  
AFGE Local 609  
1481 West 10th Street  
Room C6093  
Indianapolis, IN 46202

Case Number: 350-6000194 [REDACTED]  
LM Number: 543681

Re: AFGE Local 610

Dear Ms. James:

This office has recently completed, under the Compliance Audit Program (CAP), an audit of AFGE Local 610 (which your union absorbed in 2013) to determine that local's compliance with provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the U.S. Department of Labor's regulations, 29 CFR 458. As I described during the CAP exit interview on January 8, 2013, the following problems were disclosed by the OLMS audit of Local 610. However, the matters listed below might not be an exhaustive list of all possible problem areas since the CAP is 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 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 also applies to labor organizations subject to the Civil Service Reform Act of 1978 (CSRA). Therefore, as a general rule, labor organizations must retain all records used or received in the course of 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 or invoice 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 those funds. The labor organization must also retain bank records for all accounts.

The audit of Local 610's fiscal year (FY) 2012 and 2013 records disclosed the following recordkeeping violations:

1. Failure to Record Receipts

Local 610 did not record receipts resulting in a \$105.17 overage discovered in the union's cash box by OLMS on December 12, 2013. Receipts records must include an adequate identification of all money the union receives. Records should show the date and amount money was received and the sources of those funds.

2. Information Not Recorded in Meeting Minutes

The only meeting minutes available during the audit by OLMS were prepared for Local 610's November 28, 2012 executive board meeting where ballots for the merger with Local 609 were counted and recorded. Local 610 also maintained agendas for June 2 and July 7, 2012 executive board meetings, including an agenda on which former President [REDACTED] recorded handwritten notes. However, former Local 610 Secretary [REDACTED] acknowledged [REDACTED] did not prepare minutes for union meetings. Minutes of membership and executive board meetings should have been maintained in a form sufficient to record authorization for financial transactions.

3. Disposition of Property

Local 610 did not maintain a record of gift cards given away during raffles at membership events. Such a record should have included descriptions of raffle winners. Although Local 610 did not do so on the FY 2012 LM-3, the union should report disposal of assets other than by sale in Items 13 and 56 and the value of such assets on hand at the beginning and end of each year in Item 30 (Other Assets). In addition, Local 610 should have maintained an accurate and detailed inventory of those gift cards to support information required for Item 30.

4. General Reimbursed and Debit Card Expenses

Local 610 did not retain adequate documentation for reimbursed expenses paid directly to officials by check or indirectly by cash or debit card. For example, Local 610 issued checks to Stewards Eric McGinnis and Jeff Andrysiak in April 2012 for travel on behalf of the union, but supporting documentation maintained by Local 610 did not contain information explaining why their trips were made.

In addition, Local 610 disbursed three checks to former President [REDACTED] and made three cash disbursements and 22 debit card charges on behalf of [REDACTED] for [REDACTED] expenses in 2012 and 2013. Local 610 failed to maintain adequate documentation for 26 of the disbursements to or on behalf of [REDACTED]: (1) supporting documentation for 25 of those disbursements contained no explanations describing why they were issued; (2) supporting documentation for ten disbursements involving meals did not identify participants; (3) five

disbursements for which vendor receipts were most likely issued lacked those documents (although vouchers were prepared); and (4) neither a voucher nor a vendor receipt was maintained for a parking charge. As noted above, labor organizations must retain original receipts, bills and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of the union, who are required to sign LM reports, are responsible for properly maintaining union records.

Former officers of Local 610 confirmed that [REDACTED] continued to work on behalf of the union in 2013 after [REDACTED] position with the Veterans Benefits Administration. [REDACTED] received no union salary, but [REDACTED] incurred \$286.11 in reimbursed expenses in 2013. [REDACTED] told me she believed she was authorized to incur those expenses when working for the union, but Local 610 failed to maintain a record regarding such authorization. Moreover, other officers did not recall authorizing all of those expenses but indicated they might concerning some of the transactions specifically or per diem in general. Thus, [REDACTED] employment by Local 610 has been affirmed, but the local failed to maintain adequate documentation regarding authorization for [REDACTED] compensation.

Because Local 610 is in the process of terminating and officers of Local 609 understand their own fiduciary responsibilities under the CSRA, 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 LMRDA Section 201(b)) is applicable to labor organizations subject to the CSRA. Thus, CSRA unions are required to file annual financial reports that accurately disclose their financial condition and operations. The CAP revealed a violation of this requirement: Local 610's Labor Organization Annual Report Form LM-3 filed by Local 610 for the fiscal year ended December 31, 2012 was deficient in the following areas.

##### 1. Acquire/Dispose of Property

Item 13 ("Acquire or dispose of any goods or property in any manner other than by purchase or sale?") should have been answered "Yes" because the union raffled as many as 40 gift cards in 2012. 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 but can describe the recipients by broad categories if appropriate, (e.g., "union members" or "bargaining unit employees"). Furthermore, Local 610 should have reported in Item 30(B) (Other Assets) gift cards still on hand as of December 31, 2012.

2. Disbursements to Officers

Local 610 did not include in Item 24 (All Officers and Disbursements to Officers) \$265.27 in expense compensation issued to or on behalf of [REDACTED] via cash and debit card; only expense checks to [REDACTED] were disclosed.

3. Dues

Local 610 reported as receipts in Item 38 dues collected and retained as per capita taxes by a parent body. The local also reported those per capita taxes retained by the parent body in Item 47. Instructions for the LM-3 state, "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 or other purposes, such as a special assessment."

I will not require Local 610 to file an amended LM report for 2012 to correct the deficient items, but Local 609 has agreed to properly report similar transactions on Local 610's terminal report for FY 2013.

Thank you for the cooperation and courtesy extended during this compliance audit. Please ensure this letter is maintained by Local 609 and shared with other officers and members. If OLMS can provide future assistance, please do not hesitate to call me directly at (317) 535-3034 or the OLMS Cincinnati Office at (513) 684-6840.

Sincerely,

[REDACTED]

Senior Investigator