



December 29, 2016

Mr. Anthony Young, President
Government Employees AFGE AFL-CIO, Local 2206
PO Box 11278
Birmingham, AL 35202

Case Number: 410-6008959 [REDACTED]
LM Number: 501273

Dear Mr. Young:

This office has recently completed an audit of Government Employees AFGE AFL-CIO, Local 2206 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, Treasurer [REDACTED], and Vice President of Computer Operations [REDACTED] on December 19, 2016, 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 2206's 2015 records revealed the following recordkeeping violations:

1. Information not recorded in Meeting Minutes

During the audit President [REDACTED] advised OLMS that the membership authorized expenses to be paid for Bonus Bucks (union recruitment incentive) from the local's savings account on 12-22-15 in the amount of \$1,000. Article VI, Section 3 of the bylaws require all disbursements to be approved by the membership. The minutes of the meetings do not contain any reference to these issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. General Disbursements

Local 2206 did not retain adequate documentation for disbursements totaling at least \$4,661.60. For example, [REDACTED] in the amount of \$800.00, dated August 31, 2015 for entertainment/clown services for union picnic payable to [REDACTED] did not have an invoice, bill, or receipt.

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.

3. General Reimbursed and Credit Card Expenses

Local 2206 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$11,738.81. For example, the union did not maintain adequate documentation for the payment of \$3,127.12 to Union Plus Travel Card on 2-24-15; specifically the union failed to retain the credit card statement for the month of February 2015 which detailed the expenses associated with the union trip to Washington, DC. Additionally, the union did not maintain adequate documentation for the payment of \$3,239.41 to Union Plus Travel Card on 8-26-15; specifically the union failed to retain the credit card statement for the month of August 2015 which detailed the expenses associated with the union trip to Orlando, FL.

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.

Based on your assurance that Local 2206 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-2) filed by Local 2206 for the fiscal year ended December 31, 2015, was deficient in the following area:

Contributions, Gifts, Grants

Local 2206 reported disbursements for contributions, gifts, and grants on Form LM-2, Statement B, Line 52 at \$53,400. A review of the corresponding Schedule 17 (Contributions, Gifts, and Grants) only revealed \$3,300. The difference was \$50,100. The instructions for Schedule 17 state the union will report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with contributions, gifts, and grants, other than those listed on Schedules 15, 16, and 20. Include, for example, charitable contributions, contributions to scholarship funds, etc.

Local 2206 must file an amended Form LM-2 for the fiscal year ended December 31, 2015, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than December 30, 2016. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 2206's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 2206 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to AFGE Local 2206 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: [REDACTED], Treasurer