



November 8, 2016

Ms. Debra Wagstaff, President
AFGE Local 1151
245 West Houston Street, Room 302
New York, NY 10014

Case Number: 130-6008335 [REDACTED]
LM Number: 502785

Dear Ms. Wagstaff:

This office has recently completed an audit of AFGE Local 1151 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 Supervisory Investigator [REDACTED], Secretary/Treasurer [REDACTED] and you on November 3, 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 1151's 2015 records revealed the following recordkeeping violations:

1. Information Not Recorded in Meeting Minutes/Failure to Maintain Meeting Minutes:

During the audit, you advised OLMS that meeting minutes were not maintained by Local 1151. Section 21 of Local 1151's bylaws requires that expenditures by the Executive Board in excess of \$250 per month must have prior approval of the local's members, either as authorized by the budget approved by the local or by separate vote of the local's members. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Incomplete Receipt Records:

Four dues remittance reports were missing for the audit period and four dues remittance reports were missing pages and were therefore incomplete. Ten check remittance reports were missing for the audit period. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. For example, interest earned on savings and/or money market accounts held by the local should also be recorded as receipts.

3. Failure to Maintain Disbursement Records:

During the audit, you advised OLMS that disbursement records were not maintained by Local 1151 and the local's bank records were instead used. Any and all expenditures from the local's general fund checking account must be recorded and supporting documentation should be maintained. For example, cash withdrawals and checks written from the local's bank account may be supported by ledger entries, invoices, receipts, etc.

Based on your assurance that Local 1151 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 1151 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Cash Reconciliation:

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 1151's bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. If bank statements serve as the union's books, the balances should match. In addition, the audit disclosed that the figures reported in Item 44 (Total receipts), Item 55 (Total disbursements), are not the figures according to Local 1151's bank statements.

Local 1151 must file an amended Form LM-3 for the fiscal year ended December 31, 2015, to correct the deficient items discussed above. I encourage Local 1151 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than November 17, 2016 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding:

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 1151's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 1151 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.

2. Elections:

The audit revealed that Local 1151 failed to hold its regularly scheduled election of officers in 2016; as required by Section 15 of the local's bylaws. Local 1151 was advised by OLMS to hold its election as soon as possible in order to resolve this violation.

Based on your assurance that Local 1151 will hold its election in the 2016 calendar year, OLMS will take no further enforcement action at this time regarding the above violation.

3. Bylaws:

The audit revealed that Local 1151's current bylaws are not consistent with the AFGE National Constitution adopted August 2015. Local 1151 was advised by OLMS to update its bylaws accordingly.

Based on your assurance that Local 1151 will update its bylaws, OLMS will take no further enforcement action at this time regarding the above violation.

I want to extend my personal appreciation to AFGE Local 1151 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], National Vice President, AFGE 2nd District
[REDACTED], National Representative, AFGE 2nd District
[REDACTED], Secretary/Treasurer, AFGE Local 1151