



August 30, 2017

[REDACTED], President
NAGE Local 777

Case Number: 140-6010301 [REDACTED]
LM Number: 545484

Dear [REDACTED]:

This office has recently completed an audit of NAGE Local 777 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on August 28, 2017, 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 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain 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 777's 2016 records revealed the following recordkeeping violations:

1. Lack of Backup Documentation for Disbursements

Local 777 did not retain adequate documentation for disbursements totaling at least \$503.00. For example, the local purchased a retirement gift for the EMS Chief at the NFL Shop for \$305.98; however, the local did not retain a receipt for the purchase.

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. Failure to Record Receipts and Disbursements

Local 777 did not maintain union book records in which receipts and disbursements would have been recorded. Union receipts records must include an adequate identification of all money the union receives and disburses. For receipts, the records should show the date and amount received, and the source of the money. For disbursements, the records should show the date, amount, payee, and union purpose of the disbursement.

3. Lack of Backup Documents to Verify Approval of Disbursements

During the audit, you advised OLMS that the local held only one membership meeting per year. You stated you spoke to each member individually to get their approval for disbursements. However, no backup documentation was retained to verify that membership approved any disbursement made by the local in fiscal year 2016.

Based on your assurance that Local 777 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 777 for the fiscal year ended December 31, 2016, was deficient in that:

The local did not file an LM report for fiscal year 2016

LMRDA Section 201(b) requires that labor organizations file annual financial reports (Forms LM-2, LM-3, or LM-4) with OLMS each year disclosing their assets, liabilities, receipts and disbursements. LM reports must be filed with OLMS within 90 days after the end of the local's fiscal year. Local 777 did not file an LM report for fiscal year 2016.

Local 777 must file a Form LM-3 for the fiscal year ended December 31, 2016. I encourage Local 777 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 Form LM-3 should be filed electronically no later than September 8, 2017 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 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.

Local 777's officers and employees are currently not bonded, but they must be bonded for at least \$2,985. Local 777 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than September 8, 2017.

I want to extend my personal appreciation to NAGE Local 777 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