



December 21, 2017

Ms. Barbara Smithson, Secretary Treasurer
Government Employees AFGE AFL-CIO Local 1020
1700 E. 38th St., B16, Room 211
Marion, IN 46953

Case Number: 310-6009897 [REDACTED]
LM Number: 501186

Dear Ms. Smithson:

This office has recently completed an audit of Government Employees Local 1020 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 November 30, 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 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 organizations 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 1020's 2015 records revealed the following recordkeeping violations:

General Union Expenses

Local 1020 did not retain adequate supporting documentation for at least four disbursements by check totaling approximately \$4,730.00. For example, the union maintained a travel agency receipt for a \$1,794.00 disbursement to Global Travel, but the receipt did not indicate the nature of the union business requiring the disbursement. Union disbursement records indicated that the disbursement was for airfare for the National Convention; however, no airline and/or travel agency documents were maintained that identified who traveled and travel itineraries. In addition, no supporting documentation was maintained for a \$2,400.00 disbursement to the AFGE that was listed in union records as registration for the National Convention.

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 1020 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 1020 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Disbursements to Officers

Local 1020 did not include any travel expense reimbursements to officers totaling at least \$5,180.90, in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Also, Local 1020 did not include some new member recruiter rebates paid to officers totaling at least \$800.00 in the amounts reported in Item 24. It appears the union erroneously reported these payments to officers in Item 54 (Other Disbursements).

In addition, Local 1020 did not report the name of Sergeant-At-Arms [REDACTED] and the total amount of payments to him or on his behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 1020 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).

2. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Local 1020 amended its constitution and bylaws in December 2007, but did not file the required copies with its LM report for that year which would have covered the audit year of 2015. In April 2016, Local 1020 again amended its constitution and bylaws without filing the required copies with its LM report for that year.

Local 1020 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1020 file an amended LM report for 2015 to correct the deficient items, but Local 1020 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Bank Signatories

During the opening interview with Local 1020 on February 13, 2017, OLMS was informed that former Local 1020 Secretary Treasurer [REDACTED] was the only signatory on the local's certificate of deposit account at Indiana Members Credit Union despite not holding union office since 2009. In accordance with Section 25 of Local 1020's Bylaws, all bank accounts held in the name of the local should always have the current secretary-treasurer and president of the union as signatories. At the exit interview, OLMS was informed that the local had still not updated the signatories on the account. OLMS strongly recommends that the signatories on this account be updated in order to properly safeguard union assets.

I want to extend my personal appreciation to Government Employees Local 1020 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.

Ms. Barbara Smithson
December 21, 2017
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Sincerely,

[REDACTED]

Investigator

cc: Ms. Linda Rademaker, President