



July 19, 2017

██████████, Treasurer
AFGE 1916
PO Box 231
South Park, PA 15129-0231

Case Number: 140-6010197-██████████
LM Number: 501165

Dear Mr. Boilanger:

This office has recently completed an audit of AFGE 1916 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, President Fran Wright, and Vice President Lilas Soukup on July 18, 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 1916's 2016 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1916 did not retain adequate documentation for a reimbursed expense incurred by a union officer totaling at least \$180. On December 13, 2016, Vice President Lilas Soukup received \$180 for centerpiece reimbursements for the union's Christmas Party; however, no receipts were kept in support of the expense.

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. Lack of Salary Authorization

Local 1916 did not maintain records to verify that the salary reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. During the audit, union officials advised that in 2011 the local approved a motion to authorize the legislative political coordinator to receive a stipend of \$800 a month; however, no meeting minutes could be found documenting the authorization. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. In 2017, the membership voted to change the legislative political coordinator's stipend from \$800 a month to \$700 a month and therefore the stipend authorization is now documented in the membership meeting minutes. Please be advised the local must keep these minutes as long as they are needed to support authorization for the stipend.

Based on your assurance that Local 1916 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 LM-3 filed by Local 1916 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away shirts totaling more than \$2,260 during the year. 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. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 1916 did not include stipend payments to Legislative Political Coordinator Ronald Demicheli totaling at least \$9,600 in the amounts reported in Column D (Gross Salary) of Item 24. It appears that the local erroneously reported these payments in Column E (Allowances and Other Disbursements) of Item 24 and Item 54 (Other Disbursements).

Local 1916 did not include lost wage payments to President Fran Wright in the amounts reported in Column D (Gross Salary) of Item 24. It appears the union erroneously reported these payments in Column E (Allowances and Other Disbursements) of Item 24.

Local 1916 did not include some reimbursements to officers totaling at least \$1,100 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements) and Item 51 (Contributions, Gift, and Grants).

The union must report most direct disbursements to Local 1916 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).

I am not requiring that Local 1916 file an amended LM report for 2016 to correct the deficient items, but Local 1916 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Per Diem Payment

During the audit year, President Fran Wright was authorized to attend a union related conference in Spokane, Washington for four days. In accordance with local policy, per diem at \$64.00 per day was paid to President Wright to attend the conference. However,

President Wright was paid per diem for six days instead of four causing an overpayment to her in the amount of \$128. There is no evidence the overpayment was intentional but appears to be an accounting error. During the exit interview, President Wright agreed to repay the local in the amount of \$128 to resolve the matter.

I want to extend my personal appreciation to AFGE 1916 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator