



January 11, 2019

Ms. Bridget Antwine, Treasurer
AFGE Local 1036
345 Marine Forces Dr.
Grand Prairie, TX 75051

Case Number: 420-6014841 [REDACTED]
LM Number: 544530

Dear Ms. Antwine:

This office has recently completed an audit of AFGE Local 1036 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 and Vice President Leobea Thomas on December 4, 2018, 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 1036's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1036 did not retain adequate documentation for reimbursed expenses incurred by officers. For example, receipts for President Carolyn Edwards' travel to San Antonio was not maintained.

2. General Receipts

Local 1036 did not retain documentation for all deposits. For example, the union received a donation of \$750 for a summer picnic. This amount was found on bank statements but not logged on the union's ledger.

3. Meeting Minutes

Local 1036 held executive board and membership meetings on a quarterly basis. However, only two sessions of meeting minutes were maintained for the audit period.

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 1036 is willing 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 1036 for the fiscal year ended December 29, 2017, was deficient in that or deficient in the following areas:

1. Disbursements to Officers

Local 1036 did not include cell phone payments for President Carolyn Edwards totaling \$1,366.33 and recruitment bonuses paid to officers totaling \$1,300.00 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 1036 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. Recruitment Bonuses

Local 1036 did not include payments totaling \$1,900.00 to non-officers for \$100 bonuses for recruiting members. These payments were not reported in item 54 (Other Disbursements) on the LM-3.

Other Violations

Non-Bargaining Unit Employee Savings Account

During the month of August 2017, Local 1036 opened a savings account for life insurance and healthcare for the non-bargaining employees. The union used funds from the union checking account to open the savings account. These funds belong to union members; therefore, the amount used should be refunded to the checking account.

Local 1036 has filed an amended Form LM-3 for the fiscal year ended December 31, 2017, to correct the deficient items discussed above. The report has been filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov.

I want to extend my personal appreciation to AFGE Local 1036 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: President Carolyn Edwards
Vice President Leobea Thomas