

U.S. Department of Labor
Office of Labor-Management Standards
Washington District Office



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January 10, 2019

Mr. Christopher Keyes, Treasurer
National Air Traffic Controllers Association Local ZDC
P.O. Box 2501
Leesburg, VA 20177-7725

Case Number: 450-6013264 [REDACTED]
LM Number: 519364

Dear Mr. Keyes:

This office has recently completed an audit of National Air Traffic Controllers Association Local ZDC 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 on January 2, 2019, 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 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 ZDC's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local ZDC did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers. For example, the union did not maintain adequate documentation for a purchase at Wegmans, for a bidding software program, and for a rental car.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The records should also include documentation showing the nature of the union business requiring the disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local ZDC did not require officers and employees to submit itemized receipts for some meal expenses. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local ZDC records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of restaurants where the officers or employees incurred meal expenses.

3. Disposition of Property

Local ZDC did not maintain an inventory of concert tickets, Christmas party tickets, door prizes, retirement watches, union t-shirts, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of concert tickets, Christmas party tickets, union t-shirts, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Local ZDC 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 ZDC for the fiscal year ended December 31, 2017 was deficient in the following areas:

1. Disbursements to Officers

Local ZDC improperly included some reimbursements to officers written during the following fiscal year in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Only disbursements made during the fiscal year should be reported.

The union must report most direct disbursements to Local ZDC 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 ZDC amended its constitution and bylaws in 2017, but did not file the required copies with its LM report for that year.

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

I am not requiring that Local ZDC file an amended LM report for 2017 to correct the deficient items, but Local ZDC has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. One Signature on Checks

During the audit, Treasurer Keyes advised that it is Local ZDC's practice for the treasurer and the president to sign all union checks. Standing Rules Section F-21 of NATCA's Constitution also requires that checks be signed by the president and treasurer. The audit disclosed that a union check was written with only one signature. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local ZDC review these procedures to improve internal control funds.

I want to extend my personal appreciation to National Air Traffic Controllers Association Local ZDC 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

cc: Mr. Brian Shallenberger, President