



October 22, 2019

Mr. Howard Dave Gassett, President  
AFGE Local 953  
10020 Kabrich Circle  
Building 17130  
Pine Bluff, AR 71601-9500

Case Number: 420-6017184-  
LM Number: 501917

Dear Mr. Gassett:

This office has recently completed an audit of AFGE Local 953 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 September 19, 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 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 953's 2018 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 953 did not retain adequate documentation for some credit card expenses incurred by President Dave Gasset totaling at least \$458.48. For example, receipts were missing for \$90.90 purchase at Cranford's grocery store and a \$70.72 purchase at Wal-Mart.

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. Travel Reimbursement Claims

Local 953 did not retain adequate documentation for reimbursed expenses incurred by President Dave Gasset and Secretary-Treasurer Beverly Miller totaling at least \$1,209.29. For example, Local 953 failed to maintain a complete record of their union training trip to Tulsa, OK stating the dates of travel, purpose of travel, per diem rate, mileage rate, etc.

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.

3. Payment to Auditor

Local 953 did not retain adequate documentation for the \$252 payment to [REDACTED]. Local 953 failed to keep a complete record detailing a breakdown of the payment as \$300 pay for completing Local 953's annual 2018 audit minus \$48 retiree dues for 2018.

Union records must include complete documentation of all disbursements.

4. Failure to Record Receipts

Local 953 did not record a \$145 dues check received from a retired member in its receipts records. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

5. Lack of Salary Authorization

Prior to October of 2018, Local 953 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and correctly reported. Local 953's bylaws, dated October 2, 2018,

state the president's salary as \$275 and the secretary-treasurer's salary as \$197 (not \$198). However, Local 953 had no prior documented authorization of officers' salaries. 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.

Based on your assurance that Local 953 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 953 for the fiscal year ended December 31, 2018, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 953 did not include some reimbursements to officers and recruiting bonuses to officers totaling at least \$2,167 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

Local 953 failed to report the gross salaries paid to officers in column D and the tax deductions in the "Less Deductions" line of Item 24. Local 953 mistakenly reported only their net salaries.

The union must report most direct disbursements to Local 953 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. Fund Transfers

Local 953 erroneously reported \$20,200 of transfers between accounts in Items 38 and 44 of Local 953's 2018 LM report. Fund transfers are not income, and should not be reported as receipts on Local 953's annual LM report.

3. Beginning and Ending Balances

Local 953's checking account bank statements are from mid-month to mid-month. Local 953 reported mid-month balances as their beginning and ending balances for the fiscal year. Local 953 failed to report their balance as of January 1, 2018 and balance as of December 31, 2018.

4. Credit Card Charges

Local 953 failed to report disbursements made via union credit card in the correct disbursement categories on Local 953's LM-3 report. For example, during the audit year, Local 953 purchased a printer. The cost of the printer should have been reported in Item 52 Purchase of Investments and Fixed Assets. Another example is office supplies and postage purchases should have been reported in Item 48 Office and Administrative Expense. It appears that Local 953 mistakenly reported the full credit card payments in Item 54.

5. 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 953 amended its constitution and bylaws in 2013 and 2018, but did not file the required copies with its LM report for those years. Local 953 has now filed a copy of its constitution and bylaws.

Local 953 must file an amended Form LM-3 for the fiscal year ended December 31, 2018 to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-3 must be filed no later than **November 15, 2019**. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Personal Use of Credit Cards

The audit revealed that President Dave Gassett mistakenly used his union credit card to make a couple personal charges totaling \$104.24. On October 14, 2019, Gassett repaid those funds. AFGE National nor AFGE Local 953 have a written policy allowing the

personal use of union credit cards. OLMS recommends not allowing personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

2. Budget

As I discussed during the exit interview, the audit revealed that Local 953's 2018 budget was \$119,600 when their 2018 income was only \$81,821. Further, Local 953's 2017 budget was \$128,700 when their 2017 income was only \$58,258. Article VIII, Section 3 of Local 953's 2013 bylaws stated, "The Executive Board shall prepare an annual budget, subject to the membership's approval, which shall ensure, at a minimum, that the local's revenues are sufficient to meet its financial obligations." OLMS recommends that Local 953's budget follows this guideline.

3. Cell Phone Policy

As I discussed during the exit interview, the audit revealed that Local 953 does not have a written policy or written authorization to pay the president's cell phone bill. OLMS recommends unions adopt written guidelines concerning such matters.

4. Local 953's Bylaws

Some important information regarding Local 953's financial practices was not included in Local 953's bylaws updated October 2, 2018. Also, some important information is incorrect, such as the salary amount paid to the secretary-treasurer as noted above. OLMS recommends updating Local 953's Constitution and Bylaws to include their current financial practices.

I want to extend my personal appreciation to AFGE Local 953 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,



Senior Investigator

cc: Ms. Cara Carroll, Secretary-Treasurer