

U.S. Department of Labor

Office of Labor-Management Standards
Philadelphia-Pittsburgh District Office
760W
170 S. Independence Mall West
Philadelphia, PA 19106
(215) 861-4820 Fax: (215) 861-4849

June 27, 2019

Mr. Robert Collins, Treasurer
American Federation of Government Employees (AFGE)
Local 1902
P.O. Box 5079
Philadelphia, PA 19111-5079

Case Number: 140-6013095 [REDACTED]
LM Number: 501229

Dear Mr. Collins:

This office has recently completed an audit of American Federation of Government Employees (AFGE) Local 1902 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 President Russell Chesebro on June 27, 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 1902's 2018 records revealed the following recordkeeping violation:

1. General Expenses

Local 1902 did not retain adequate documentation for expenses incurred by the local totaling at least \$502.90. For example, there was no supporting documentation for two bereavement checks in the amount of \$100.00 each, two checks to DCMA Council 170 for per capita tax, or a check to the U.S. Postal Service in the amount of \$140.00 for the local's P.O. Box.

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. Disbursement Dates not Recorded

Entries in Local 1902's general ledger reflect the date the bank deducted money from the local's account rather than the date the union actually disbursed the money. Union disbursement records must show the date of disbursements. The date of disbursement is required to verify, explain or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was disbursed could result in the union reporting some disbursements for a different year than when it actually disbursed them.

Based on your assurance that Local 1902 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 1902 for the fiscal year ended December 31, 2018, was deficient in the following areas:

1. Fixed Assets

Item 29 (Fixed Assets) should have contained entries at the start and end of the reporting period because the local owns a laptop and hard drive. Enter in Columns (A) and (B), respectively, the book value at the start and end of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by your organization. The book value of fixed assets is cost less depreciation.


2. Officers

Local 1902 did not report the names of some officers 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.

I am not requiring that Local 1902 file an amended LM report for 2018 to correct the deficient items, but Local 1902 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to American Federation of Government Employees (AFGE) Local 1902 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. Russell Chesebro, President