



March 1, 2019

Mr. Terence Watts, President  
Government Employees AFGE AFL CIO, Local 559  
13800 Veterans Way, 2Q400  
Orlando, FL 32827

Case Number: 410-6012589 [REDACTED]  
LM Number: 544071

Dear Mr. Watts:

This office has recently completed an audit of Government Employees (AFGE) AFL-CIO, Local 559 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 February 28, 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 Labor-Management Reporting and Disclosure Act of 1959 (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 559's 2016 records revealed the following recordkeeping violations:

### New Member Rebate Payments

The audit revealed that Local 559 did not retain adequate documentation for checks issued to union officers for new member recruiter rebates. For each rebate check, Local 559 retained supporting documentation that indicated the new members recruited; however, in the case of the rebate checks to the officers, Local 559 only retained the cancelled checks in support of the payments, which are not sufficient. The AFGE requires a separate recruiter rebate form to be maintained for each membership application (Form 1187 – Request for Payroll Deductions for Labor Organization Dues) submitted; such records must be retained by Local 559 for all recruiter rebate payments.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. These records are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of 29 C.F.R. Section 403.7. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 559 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Government Employees (AFGE) AFL-CIO, Local 559 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 redaction box covering the signature of the investigator.

Investigator

cc: Ms. Veronica Vann, Treasurer