



May 26, 2011

Mr. Anthony Young, President
Government Employees AFGE AFL-CIO Local 2206
1200 Rev Abraham Woods Jr Blvd
Birmingham, AL 35285

Case Number: [REDACTED]
LM Number: 501273

Dear Mr. Young:

This office has recently completed an audit of Government Employees AFGE AFL-CIO Local 2206 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you, Executive Vice President Celestine Hood, Vice President Cynthia Marshall, Vice President Catarina Lavendar, Sergeant at Arms Joey Hawkins, and Treasurer Rosena Robinson on May 24, 2011, 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 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain 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 2206's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2206 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$2,629.55. For example, a trip to Gulf Shores, AL, for a union conference between 09-28-10 to 10-01-10, for Treasurer Rosena Robinson did not have an expense voucher or an adequate explanation of the nature of the union business conducted. Additionally, a trip to Baltimore, MD between 09-20-10 to 09-23-10 by President Young for a union conference did not have an expense voucher or an adequate explanation of the nature of the union business conducted.

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. Information not Recorded in Meeting Minutes

During the audit President Anthony Young advised OLMS that the Executive Board authorized a gift of \$1,000.00 in August 2010 to member [REDACTED] who was experiencing family hardships but no minutes or documented approval by the membership was present. In addition, Young advised the membership was aware of a purchase of union T-Shirts on 04-09-10 in the amount of \$1,032.53 but no minutes or documented approval by the membership was present. Section 17 of the by laws require all expenses in excess of \$500.00 to be approved by the membership. The minutes of the meetings do not contain any references to these issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Disposition of Property

Local 2206 did not maintain an inventory of T-Shirts 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 28 of the LM-2. 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 28.

The union must record in at least one record the date and amount received from each sale of union T-Shirts.

4. Meal Expenses

Local 2206 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,113.65. 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 2206 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. For example, a meal at Michael's Restaurant in the amount of \$1,113.65 on 10-5-2010 did not have the names of attendees or the nature of union business discussed. 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 the restaurants where the officers or employees incurred meal expenses.

5. General Disbursements

Local 2206 did not retain adequate documentation for disbursements totaling at least \$706.33. For example, a cash transaction on 12-11-10, in the amount of \$500.00, payable to "Reggie DJ" for the union Christmas party did not have an invoice or receipt.

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.

6. Fixed Assets

Local 2206 did not have a fixed asset list or inventory sheet that could be located for the audit year or any previous year. The union had fixed assets, including, but not limited to: copier/printers, laptop computers, desktop computers, and a computer server. The proper maintenance of union records is the responsibility of the president and treasurer (or corresponding principal officers) of your union who are required to sign your union's LM report.

Based on your assurance that Local 2206 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-2) filed by Local 2206 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Fixed Asset Value Not Reported

Lines 27 A and B of the Form LM-2 for FYE 12-31-2010 were annotated with \$0.00 when in fact the union owned computers, printers/copiers, a computer server, and an office chair. The instructions for Schedule 6 of the LM-2 state 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 the organization should be entered.

2. Deficient Filing

Lines 28 A and B of the Form LM-2 for FYE 12-31-2010 were annotated with \$0.00 when in fact the union owned T-Shirts that were sold or given away as incentives to members and other parties. The labor organization's other assets must be described in Schedule 7 of the LM-2 and may be classified by general groupings or bookkeeping categories, such as utility deposits or inventory of supplies for resale.

3. Failure to File By Laws

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 2206 amended its constitution and bylaws in 2003, but did not file the required copies with its LM report for that year or any year since.

Local 2206 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 2206 file an amended LM report for 2010 to correct the deficient items, but Local 2206 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

- Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the

preceding fiscal year. Officers and employees of Local 2206 are currently bonded for \$20,000.00; however, they must be bonded for at least \$43,587.27.

The audit revealed that Local 2206's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Government Employees AFGE AFL-CIO Local 2206 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 black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Rosena Robinson, Financial Secretary