

**U.S. Department of Labor**

Office of Labor-Management Standards  
Cincinnati District Office  
36 E 7<sup>th</sup> Street, Suite 2550  
Cincinnati, OH 45202  
(513)684-6840 Fax: (513)684-6845



September 22, 2009

Ms. Katherine George, Secretary-Treasurer  
Government Employees AFGE AFL-CIO Local 1744  
P.O. Box 19498  
Indianapolis, IN 46219

LM File Number: 501-864  
Case Number: [REDACTED]

Dear Ms. George:

This office has recently completed an audit of AFGE Local 1744 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 on September 22, 2009, 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 1744's 2008 records revealed the following recordkeeping violations:

1. General Disbursements

Local 1744 did not retain adequate documentation for 37 checks totaling \$7,047.48. Four checks had vouchers but no vendor receipts. Thirty-three checks had neither vouchers nor receipts.

As previously 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. Lack of Compensation Authorization

Local 1744 did not maintain records to verify that compensation, such as in-town per diem, reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current compensation authorized by the entity or individual in the union with the authority to establish it.

Based on your assurance that Local 1744 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 1744 for fiscal year ending December 31, 2008, was deficient in that:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Delinquent Report

Labor Organization Annual Reports are supposed to be filed no later than 90 days after the close of the fiscal year. Local 1744 should have filed the fiscal year 2008 Form LM-3 no later than March 2009; however, the report was not filed until July 2009.

I am not requiring that Local 1744 file an amended LM report for 2008 to correct the deficient items, but Local 1744 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

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 1744 are currently bonded for \$10,000; however, they must be bonded for at least \$10,511.31. Local 1744 should obtain adequate bonding coverage for its officers and employees immediately. AFGE National Representative Chon Jung has been notified of this violation and has agreed to help Local 1744 correct it. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 30, 2009.

I want to extend my personal appreciation to AFGE Local 1744 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: Willie Sterling, President