

U.S. Department of Labor

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Office of Labor-Management Standards
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February 3, 2009

Mr. Justin Remsnyder, President
Government Employees (AFGE), AFL-CIO
Local 1966
1700 South Lincoln Ave.
Lebanon, PA 17042

LM File Number 501-831
Case Number: [REDACTED]

Dear Mr. Remsnyder:

This office has recently completed an audit of AFGE Local 1966 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 and Daniel Dishong on January 29, 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 1966's 2007 records revealed the following recordkeeping violation:

1. Credit Card Expenses

Local 1966 did not retain adequate documentation for credit card expenses incurred by union officers totaling at least \$6,000. Specifically, three invoices for airfare and rental cars were not retained. However, during the course of the audit, information was provided by the union to verify the expenses.

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. Failure to Maintain Disbursement Documentation

The local did not retain adequate documentation verifying the purpose of all disbursements made by check for expenses incurred by the union. Specifically, Local 1966 was missing receipts for four expenses totaling approximately \$3,850. Labor organizations must retain original receipts, bills, and vouchers for all disbursements. However, during the course of the audit, the union obtained and provided adequate backup documentation to explain and verify the disbursements.

3. Lack of Salary Authorization

Local 1966 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 amount and therefore were correctly reported. 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. As we discussed during the exit interview, please have the secretary-treasurer's allowance approved by the membership at your February meeting and forward me a copy of the meeting minutes no later than March 2, 2009.

Based on your assurance that Local 1966 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

1. 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 1966 amended its constitution and bylaws in November 1999, but did not file the required copies with its LM report for that year. However, during the exit interview, you provided OLMS with a copy of your most recent bylaws.

2. Disbursements to Officers (LM-3)

Local 1966 did not include some reimbursements to officers totaling at least \$2,250 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expense) and Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 1966 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).

I am not requiring that Local 1966 file an amended LM report for 2007 to correct the deficient items, but Local 1966 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

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 1966's officers and employees are currently bonded for \$10,000, but they must be bonded for at least \$18,100. Local 1966 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than February 11, 2009.

I want to extend my personal appreciation to AFGE Local 1966 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,

Mr. Justin Remsnyder
February 3, 2009
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Investigator

cc: Daniel Dishong, Secretary-Treasurer