



June 9, 2015

Ms. Ena Thompson-Judd, President
AFGE Local 1988 VA
179 Street and Linden Blvd.
St. Albans, NY 11434

Case Number: 130-1315485()
LM Number: 501-378

Dear Ms. Thompson-Judd:

This office has recently completed an audit of Local 1988 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 Treasurer Mary Mewborn-Broadus, Vice President Geddes Scott, and you on May 7, 2015, 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 1988's 2014 records revealed the following recordkeeping violations:

1. Reimbursed Expenses

Local 1988 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$6,853.56. Officers were advanced travel expenses for AFGE related training and other travel, but sufficient supporting documentation was not retained. Records retained to support these expenses included various receipts and invoices, but they were not organized in a way that made it clear to which officer and trip they corresponded. Check stubs and cancelled checks were retained, but there was no record which supported how the amount of each check was reached, and how much of it was for lodging, transportation, per diem, or any other expenses. Local 1988 must maintain records which identify the business purpose of each trip, the dates of travel, the destination, and breakdown of expenses incurred.

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. Failure to Record Receipts

Local 1988 did not record in its receipts records all monies received by electronic transfer from the AFGE national union for recruitment bonuses totaling \$5,050. Local 1988 maintained dues deduction authorization forms from new members, including the names of the recruiters. Local 1988 did not maintain any backup documentation of the bonuses received from AFGE, nor record dues payments in a receipts journal. Also, Local 1988 did not record in its receipts records some checks and money orders received from retired members for dues totaling at least \$4,803.11. Local 1988 made 24 deposits during the audit year and maintained copies of checks and money orders for only 11 of them. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Information not Recorded in Meeting Minutes

During the audit, union officers advised OLMS that the executive board authorized a \$1,000 advanced salary loan to a union officer. Section 20 of the Local 1988 bylaws states that all expenditures approved by the executive board will be reported in writing at the next regular meeting of the local. However, Local 1988 did not maintain minutes of the meeting when the loan was approved or generate a loan agreement. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Other Expenses

Adequate documentation was not retained for some disbursements totaling at least \$450. For example, Local 1988 disbursed \$450 to an accountant for work on its IRS filing.

However, no invoice or other supporting documentation could be found in the records for that disbursement. As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements.

Based on your assurance that Local 1988 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 1988 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Failure to Itemize Receipts

Local 1988 did not properly report some receipts in Statement B. The audit found that \$5,050 was received from the AFGE national union for recruitment bonuses. Local 1988 reported all receipts under Item 38, (Dues). Local 1988 should have reported \$5,050 in Item 43 (Other Receipts).

2. 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 1988 amended its constitution and bylaws in 2013, but did not file the required copies with its LM report for that year.

Local 1988 has now filed an amended LM-2 for 2013 and attached a copy of its constitution and bylaws.

3. Loans to Officers

Local 1988 did not answer Item 18 “Yes” if any officer, employee, or member owed your organization, together with any subsidiary organization, more than \$250 at any time during the reporting period. The audit disclosed that Local 1988 made a \$1,000 loan in the form of a salary advance to a union officer. The union must report in Item 56 the name of each individual and the amount each individual owed at the end of the reporting period. Also report in Item 56 the purpose, terms for repayment, and any security for each such loan.

Note: Advances, including salary advances, are considered loans and must be reported in Item 26 (Loans Receivable) and Item 53 (Loans Made).

Local 1988 has now filed an amended LM-3 for 2014.

Other Issues

1. Loans not Approved by Membership

The executive board approved an advanced salary loan for a union officer. This was in violation of the local's bylaws which state that expenditures in excess of \$500 per month must have prior approval of the local's members, either as authorized by the budget approved by the local or by separate vote of the local's members. This also violated AFGE policy. The AFGE Financial Officers manual states that the executive board cannot approve loans; loans must be approved by the membership. Local 1988 must follow appropriate guidelines for approving and granting loans.

2. Duplicate Receipts

Retired members of Local 1988 pay dues directly to the union. Union officers do not issue receipts to dues payers. OLMS recommends that Local 1988 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

3. Insufficient Number of Meetings Held

During the audit, union officers advised OLMS that Local 1988 holds membership and executive board meetings every month except for July, August, and months when executive board members are traveling. Section 2 of the Local 1988 bylaws states that regular meetings of the local shall be held on the third Thursday of the month. Section 20 states that the executive board shall meet every month. Out of a possible 24 meetings (12 membership and 12 executive board), Local 1988 provided seven meeting minutes (five membership, one special district caucus nomination, and one executive board). Local 1988 should hold the number of meetings required by its bylaws.

4. Travel Expense Policy

The audit revealed that Local 1988 does not have a clear policy regarding the types of travel expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Local 1988 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,

Andriana Vamvakas
District Director

cc: Ms. Mary Mewborn-Broadus, Treasurer
Mr. Geddes Scott, Vice President