

U.S. Department of Labor

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November 18, 2008

Mr. Bryant Hardison, President
Government Employees AFGE AFL-CIO
Local 2400
1310 24th Avenue South
Nashville, TN 37212

LM File Number 502-232
Case Number: [REDACTED]

Dear Mr. Hardison:

This office has recently completed an audit of AFGE Local 2400 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 Secretary-Treasurer Linda Jernigan on October 31, 2008, 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 2400's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 2400 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers. For example, the local failed to retain a receipt for an airline ticket purchased for the National VA Convention in Hawaii.

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. Meal Expenses

Local 2400 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. 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.

3. Lost Wages

Local 2400 did not retain adequate documentation for lost wage reimbursement payments to [REDACTED] totaling at least \$213.02. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local

2400 did not require submission of lost wage vouchers providing the aforementioned information.

4. Receipt Dates not Recorded

Local 2400 did not retain a receipts journal or any other record regarding receipts other than a deposit slip booklet, which reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

5. Information not Recorded in Meeting Minutes

During the audit, Mr. Harold Couch advised OLMS that the executive board authorized union members selected to attend union business related trips and training at its monthly meeting. However, the minutes of the meeting do not contain any reference to those issues. The membership meeting minutes do state that the membership authorized the executive board to determine who will be attending union business related trips at the union's expense. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

6. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them during 2007. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 2400 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Bonus Buck Reward Policy

As I discussed during the exit interview with you and Ms. Jernigan, the audit revealed that Local 2400 does not have a clear policy regarding how members will be rewarded for recruitment of new members. It appears that the bonus buck program is benefiting officers who provide union presentations at mandatory new employee orientation meetings. Therefore, a disproportion amount of bonuses was paid to the same officers. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Duplicate Payments

The union president was overpaid in new member recruitment payments totaling at least \$300. He received duplicate payments of \$50 bonus bucks for the recruitment of six union members. OLMS recommends that Local 2400 review these procedures to improve internal control of union funds.

3. Cash Reconciliation

The union failed to record disbursements in its disbursement ledger as the transaction was performed. The disbursement ledger was identical to the bank statements. Therefore, several checks were documented in the disbursement ledger under the wrong month. OLMS recommends that Local 2400 document transactions as it occurs.

I want to extend my personal appreciation to AFGE Local 2400 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: Linda Jernigan, Secretary-Treasurer