

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Orleans District Office
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January 9, 2009

Mr. Perry Jennings, President
AFGE
Local 3457
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123

LM File Number: 504-983
Case Number: [REDACTED]

Dear Mr. Jennings:

This office has recently completed an audit of Government Employees AFGE AFL-CIO, Local 3457 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 Cheryl Olivier, Colette Worcester, and yourself on Wednesday, January 7, 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 Violation

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 3457's 2006 records revealed the following recordkeeping violation:

Receipt Dates not Recorded

Entries in Local 3457's checkbook register reflects 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.

Based on your assurance that Local 3457 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 3457 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Incorrect Reporting of Dues Collected

In the Form LM-3, for fiscal year ending December 31, 2005, Local 3457 reported a total of \$6,550.00 in dues collection in Item 38, when the actual amount collected in dues for FYE December 31, 2005, was 13,309.50. Dues collected in the fiscal year are to be reported on the Form LM-3 for that fiscal year, even if those dues are deposited in the subsequent fiscal year.

2. Next Election

Local 3457 erroneously reported in Item 22 of the Form LM-3 for fiscal year ending December 31, 2005, (What is the date of your organization's next regular election of officers?) that Local 3457's next officer election will be held in June 2006. During the audit, you indicated that the next election of officers was not held until April 2007.

3. Failure to File Form LM-3 Reports

Local 3457 failed to file the required Form LM-3 Reports for fiscal years ending December 31, 2006, and December 31, 2007.

Local 3457 must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above, as well as delinquent Form LM-3 reports for fiscal years ending December 31, 2006, and December 31, 2007. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended and delinquent Form LM-3's should be submitted to this office at the above address as soon as possible, but not later than March 2, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to American Federation of Government Employees Local 3457 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.

Mr. Perry Jennings
January 9, 2009
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Sincerely,

[REDACTED]

Investigator

cc: Colette Worcester, Treasurer