



January 15, 2016

Ms. Denise White, Treasurer
American Federation of Government Employees
Local 3615
5107 Leesburg Pike
Falls Church, VA 22041-3260

Case Number: 450-6004782
LM Number: 508-554

Dear Ms. White:

This office has recently completed an audit of American Federation of Government Employees (AFGE) Local 3615 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 Local 3615 President Barbara Jackson and you on October 20, 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 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain 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 3615's 2014 records revealed the following recordkeeping violations:

1. Check Card Expenses

Local 3615 did not retain adequate documentation for some check card charges. For example, there were no receipts for disbursements to Proflowers, Staples, the U.S. Postal Service, and some other vendors.

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. Meal Expenses

Local 3615 did not require officers to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

In addition, Local 3615 records of meal expenses charged to the union check card did not always include a written explanation of the 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. Failure to Retain Bank Transaction Records

Local 3615 failed to maintain some of the bank transaction records for checks to cash that were made from the local's checking account to replenish the union's petty cash fund. Labor organizations must retain all records received in the normal course of business.

4. Disposition of Property

Local Union 3615 purchased gift cards on multiple occasions and gave them to members. However, there was nothing in the union records to indicate who received the gift cards. The union must record in at least one record the dates and names of the recipients of the gift cards.

5. Information Not Recorded in Meeting Minutes

During the audit, the Local 3615 officers advised OLMS that the membership authorized the purchase of a monthly parking pass for Second Vice President Thomas Webb to park his personal vehicle in a garage near the union office. However, there are no membership meeting minutes or anything else in the union's records that reference that approval. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

6. Insufficient Descriptions

There were some disbursements in which the union business purpose was not sufficiently descriptive. For example, there were several checks written to members or officers in which the only purpose in the records was "administration" or "social." All disbursement records, including check card receipts, must contain an adequate description of the nature of the union business requiring the disbursement.

Based on your assurance that Local 3615 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report, Form LM-3, filed by Local 3615 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Disbursements to Officers

Local 3615 did not include reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Several union officers incurred travel expenses, meals, taxis, parking, and expenses for union cell phones and I-pads during the audit year, but these expenses were not reported next to their name in Item 24, Column E (Allowances and Other Disbursements). Such payments appear to have been erroneously reported in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 3615 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. An "indirect disbursement" to an officer is a payment to another party (including check card companies) 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).

2. Cash Reconciliation

The cash figure reported in Item 25(A) (Cash – Start of Reporting Period) is not the cash figure 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. The local reported beginning cash of \$108,166 on its LM-3 report, but this number should have been \$96,081.

Local 3615 must file an amended Form LM-3 for fiscal year ending December 31, 2014, to correct the deficient items discussed above. Included with this letter is a blank form and instructions; additionally, forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 2, 2016. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Parking Expenses

The audit revealed that Local 3615 reimbursed President Jackson for a monthly parking pass to park her personal vehicle at a garage near the union office. This expense was not specifically included in the Local 3615 budget and was not approved by the membership. OLMS recommends that Local 3615 bring this expense to the membership for approval.

I want to extend my personal appreciation to AFGE Local 3615 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,

A solid black rectangular redaction box covering the signature area.

cc: Barbara Jackson, President