

U.S. Department of Labor

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May 29, 2008

Ms. Linda McEwen, President
Government Employees AFGE AFL-CIO
Local 910
4801 E Linwood
Kansas City, MO 64128-2226

LM File Number 541-640
Case Number: [REDACTED]

Dear Ms. McEwen:

This office has recently completed an audit of AFGE Local 910 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 Treasurer Katherine McCraney on May 29, 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 910's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 910 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$609.45. For example, the April 2, 2007 Visa statement shows a purchase of supplies from the post office totaling \$285.84. The local did not retain receipts to verify the charges made to the credit card were for legitimate union business.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 910 did not require officers to submit itemized receipts for meal expenses totaling at least \$1,687.29. 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.

Local 910 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a disbursement to Habaneros Restaurant for over \$800 did not state the names of people incurring the charges, nor was an itemized receipt maintained for this disbursement. Although I was able to verify through meeting minutes and other resources that these charges were legitimate, the original receipts issued for these purchases must be maintained in the future. 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 incurred meal expenses.

Based on your assurance that Local 910 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 LM-3 filed by Local 910 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Certificates of Deposit Reported As Investments

Local 910 improperly included the value of certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures 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.

3. 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 910 amended its constitution and bylaws in 2004 but did not file the required copies with its LM report for that year. Local 910 has now filed a copy of its constitution and bylaws.

These errors were corrected, and the local provided an amended report reflecting the correct amounts during the course of the audit. Local 910 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to AFGF Local 910 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: Katherine McCraney, Treasurer