



April 29, 2011

Mr. Tim Strako, President
AFGE LU 3197
1660 S. Columbia Way
Seattle, WA 98108

Case Number: [REDACTED]
LM Number: 503603

Dear Mr. Strako:

This office has recently completed an audit of AFGE LU 3197 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 you and Danae Davis on April 27, 2011, 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 3197s 2010 records revealed the following recordkeeping violation:

General Reimbursed and Credit Card Expenses

Local 3197 did not retain adequate documentation for reimbursed and credit card expenses incurred by union officers totaling at least \$131,998. For example, the credit card, union checks and debit card were used to pay for airfare, hotel, lost wages, refreshments, partial attorney fees, per capita, and miscellaneous reimbursements and were not supported with a union record to verify or explain the expense.

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.

Based on your assurance that Local 3197 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 3197 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Items 25, 44, and 55 are not the cash figures according to the union's books after reconciliation to the bank statements and all the receipts and disbursements are not accurately recorded. 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; and all receipts and disbursements should be accurately recorded.

Local 3197 must file an amended Form LM-3 for fiscal year ending December 31, 2010, to correct the deficient items discussed above. 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 Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 20, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

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 3197 amended its constitution and bylaws but did not file the required copies with its LM report for that year.

Local 3197 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to AFGE LU 3197 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.



Investigator