

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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November 23, 2009

Mr. Andrew Poulos, President
American Federation of Government Employees, AFL-CIO
Local 3369 HHS
138-50 Barclay Avenue
Flushing, New York 11355

Re: Case Number: [REDACTED]

Dear Mr. Poulos:

This office has recently completed an audit of AFGE 3369 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 Manuel Araujo and you on November 10, 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 Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be

written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of AFGE 3369's 2006 records revealed the following recordkeeping violations: The union was not in possession of the 2006 monthly Capital One (North Fork Bank) checking account statements. The union obtained copies of the missing monthly statements from the bank during the audit.

Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(b) which requires the union and its responsible officers to file annual financial reports with the Secretary of Labor. The union did not electronically file its fiscal year end December 31, 2008 LM-2 report by the due date of March 31, 2009.

The CAP further disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations and which meet the standards of acceptability. The Labor Organization Annual Report (Form LM-2) filed by AFGE 3369 for fiscal year ending December 31, 2008, was deficient in the following area: The union completed the Form LM-2 based on the accrual basis of accounting. The requirement to complete the Form LM-2 is based on the cash basis of accounting. Specifically, under Statement B, receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization. The CAP disclosed that the union reflected the incorrect starting and ending cash balances on the Form LM-2. The union is required to file an amended Form LM-2 report electronically by December 11, 2009, to correct the reporting deficiencies.

Other Violations

The CAP disclosed the following other violation(s):

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. AFGE 3369's officers and employees were bonded for \$30,000, but they must be bonded for at least \$72,358. Adequate bonding coverage of \$75,000 was obtained and documentation provided during the audit. No further enforcement action will be taken.

I want to extend my personal appreciation to AFGE 3369 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: Richard Kirchner - Executive Vice President
Sonia Lopez - Secretary