



March 18, 2011

Mr. Gary Thacker, Treasurer  
AFGE Local 3972  
1670 Broadway, Floor 23  
Denver, CO 80202-4801

Case Number: [REDACTED]  
LM Number: 538182

Dear Mr. Thacker:

This office has recently completed an audit of AFGE Local 3972 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 on March 15, 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 3972's 2010 records revealed the following recordkeeping violations:

1. Signing Bonuses

Local 3972 did not retain adequate documentation necessary to support all cash signing bonuses paid to new members that joined the local that were referred by a current member. The records should include amount of bonuses, dates, and the names of the new member and the member that made the referral. For example, in June 2010, Local 3972 issued a check written to cash for \$1,000 for bonuses to members that referred new members that joined the union but failed to maintain records showing the nature of the business and the identity of the recipients of the goods.

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.

2. Meeting Minutes

Article VIII, Section 3, of AFGE Constitution (2009) states that expenditures by the executive board in excess of \$500 per month must have prior approval of the local's members by the local's authorized budget or by separate vote of the local's members. In 2010, Local 3972 purchased a new laptop that cost \$1,059.38 and issued a check to cash for \$1,000 to pay signing bonuses but never obtain the membership's approval. These items should be presented to the membership during the local's membership meeting and the information should be included in the meeting minutes.

Other Issues

The audit disclosed the following other violations:

1. Section 2, of Local 3972's Bylaws requires the local to have regular meetings on a quarterly basis on the third Wednesday of January, April, July, and October or to cancel them two weeks prior to the meeting. In 2010, the local only scheduled and held one membership meeting in March.
2. During the bank account verification, OLMS learned that the local still has the names of two former officers as authorized signatories for its checking and savings accounts. OLMS recommends that Local 3972 update the union bank account signature cards as soon as changes occur.

Based on your assurance that Local 3972 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Mr. Gary Thacker

March 15, 2011

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I want to extend my personal appreciation to AFGE Local 3972 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: Mr. Gary Mongelli, President  
Ms. Dorothy Crow-Willard, Vice President