



February 17, 2017

Ms. Kathleen Pachomski, President
Government Employees, AFGE, AFL-CIO Local 3930
10360 Jefferson Avenue
Room AEG-10
Memphis, TN 38104

Case Number: 410-6009443
LM Number: 514-666

Dear Ms. Pachomski:

This office has recently completed an audit of Government Employees, AFGE, AFL-CIO Local 3930 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, First Vice-President Roberta Brown, and Recording Secretary Carolyn Little on January 23, 2017, 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 3930's 2015 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 3930 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,582.29. For example, one union official was reimbursed \$1,207.29 for hotel and airfare, but Local 3930 did not maintain receipts for the expenditures. Another officer received \$375 in per diem, but the union did not maintain supporting documents for the disbursement.

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 3930 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$78.35. The union must maintain itemized receipts provided by restaurants to officers and employees. 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 3930 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, union officers incurred meal expenses totaling at least \$330.99, but the receipts did not reflect the attendees. 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. Lack of Authorization for Stipends

Local 3930 did not maintain records to verify that the stipends reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current stipend authorized by the entity or individual in the union with the authority to establish salaries.

4. Lack of Authorization for Rebates

Local 3930 did not maintain records to verify that the end-of-year rebates paid to members was the authorized amount. The union must keep a record, such as meeting minutes, to show the current end-of-year rebates authorized by the entity or individual in the union with the authority to establish such disbursements.

Based on your assurance that Local 3930 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 (Form LM-2 / LM-3) filed by Local 3930 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Disbursements to Officers

Local 3930 did not include some reimbursements to officers totaling at least \$15,814.23 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 3930 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 3930 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 3930 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 3930 file an amended LM report for 2015 to correct the deficient items, but Local 3930 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Credit Card and Per Diem

Local 3930 did not reduce per diem payments of those union officers and travelers who charged meals to the union's credit card. If union officers and members are permitted to charge meals to the union credit card and receive per diem payments, Local 3930 should adopt a policy governing such payments and related union credit card charges.

2. Assets

Local 3930 did not maintain records to verify that officers are allowed to keep union-purchased mobile devices after he or she leaves office. The union must keep a record, such as meeting minutes, to show that officers are permitted to keep union assets.

I want to extend my personal appreciation to AFGE Local 3930 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: Ms. Roberta Brown, First Vice-President
Ms. Carolyn Little, Recording Secretary