U.S. Department of Labor   Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
2300 Main Street
Suite 1000
Kansas City, MO 64108
(816)502-0290 Fax: (816)502-0288

March 17, 2009

Mr. Tim Sanchez, President
Government Employees AFGE AFL-CIO
Local 906
3401 SW 21st Street
Building #9, HRC
Topeka, KS 66604

LM File Number 543-257
Case Number: ███████

Dear Mr. Sanchez:

This office has recently completed an audit of American Federation of Government Employees Local 906 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 Leigh Patrick on February 20, 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.

The CAP disclosed the following:

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 organizations 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 906's 2008 records revealed the following recordkeeping violations:

1.   General Reimbursed Expenses

     Local 906 did not retain adequate documentation for travel-related expenses
     incurred by local officers totaling $616.80. These expenses included several
     restaurant receipts and travel expenditures. 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.   Meal Expenses

     Local 906 did not require officers and employees to submit itemized receipts
     for meal expenses. 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 906 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. 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.   Transaction Dates not Recorded

Entries in Local 906's disbursements and receipts logs do not reflect accurate dates. Union receipt and disbursement records must show the actual dates of receipt and disbursement of funds. The dates are required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received or disbursed could result in the union reporting some transactions for a different year than when they were actually made.

4.   Lack of Payment Authorization

Local 906 did not maintain records to verify that the $50.00 payments made for the recruitment of new members were properly authorized. Because these payments are made on a regular basis, the union needs to show that the membership has authorized the purpose and amounts of these disbursements, either through its bylaws or a vote recorded in the local's meeting minutes.

Based on your assurance that Local 906 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

<div align="center">Other Issue</div>

Expense Policy

As I discussed during the exit interview with the local's officers, the audit revealed that Local 906 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to the local's debit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Local 906 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,

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Investigator

cc: Miranda Long, Vice President
    Leigh Patrick, Secretary-Treasurer