



January 19, 2011

Ms. Marian B. Nutt, Treasurer
Government Employees (AFGE)
Local 1133
800 Zorn Avenue, Building 5
Louisville, KY 40206

Case Number: [REDACTED]
LM Number: 501543

Dear Ms. Nutt:

This office has recently completed an audit of Government Employees (AFGE) 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 on December 8, 2010, 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 Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five 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, labor organizations must maintain 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 1133's fiscal year 2010 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 1133 did not record in its records a number of receipts from the refund of debit card transactions, nor did the union record all of its dues receipts between September 1, 2009 and March 31, 2010. For example, a \$60.76 debit card purchase was refunded to the union on September 1 but was not recorded, and two dues checks totaling \$17,185 that were deposited on September 21 and September 30 were not recorded in union records. Union receipts records must include an adequate

identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Debit Card Purchases

Local 1133 did not record in its records a number of debit card disbursements. For example, between September 2, 2009 and October 5, 2009, three purchases totaling \$491.40 were not recorded and were without supporting documentation, and between January 1, 2010 and March 8, 2010, three purchases totaling \$271.03 were not recorded in union records and were without supporting documentation.

Disbursement records must include 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.

Based on your assurance that Local 1133 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

1. Countersignature

During our initial meeting, you said that Local 1133's policy is to have two officers review and sign each voucher and each corresponding check. However, the audit of the union's records disclosed a number of checks with only one signature, and no union vouchers with two signatures. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 1133 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Government Employees (AFGE) 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. Sandra Richardson, President