



September 22, 2011

Ms. Terri James, President  
AFGE Local 609  
1481 W. 10th Street  
Indianapolis, IN 46202

Case Number: [REDACTED]  
LM Number: 542142

Dear Ms. James:

This office has recently completed an audit of AFGE Local 609 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 with you and Executive Board Member Mary J. Burke, during the exit interview on August 12, 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 Violation

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 609's 2010 records revealed the following recordkeeping violation:

1. Vendor Receipts

Local 609 did not retain adequate documentation for union expenses. For example, vendor receipts were not maintained for a number of union expenses including union disbursements to Staples and GFC Marketplace amounting to at least \$238.00.

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.

Based on your assurance that Local 609 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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-3, filed by Local 609 for fiscal year ending June 30, 2010, was deficient in the following area:

1. Categorization of Disbursements

Local 609 improperly reported per capita tax payments totaling \$90,963 in Item 54 (Other Disbursements). Per capita tax paid as a condition or requirement of affiliation with your parent national union, state and local central bodies, a conference, joint or system board, joint council, federation or other labor organization should be reported in Item 47 (Per Capita Tax).

Since Local 609 has filed an amended Form LM-3 for the fiscal year ending June 30, 2010, correcting the deficient item discussed above, no further action is necessary at this time.

Other Violation

1. Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers and employees of Local 609 are currently bonded for

\$17,500; however, based on funds handled in fiscal year 2010, they must be bonded for at least \$19,700.

The audit revealed that Local 609's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

#### Other Issues

1. Reimbursed Union Expenses

You and Ms. Burke were advised that while Ms. Burke served as secretary/treasurer, she was reimbursed \$355.01 by the local for an August 29, 2009 car rental from Alamo Rent-A-Car. Burke paid for the rental using the local's debit card and was not entitled to reimbursement. When I asked about the rental, Ms. Burke stated that she made a mistake in requesting reimbursement and immediately repaid Local 609 for the full amount. You deposited the repayment into the local's bank account and provided me documentation regarding the deposit.

2. Personal Expense of Officer Paid by Local 609

From April 12-17, 2010, you incurred hotel expenses in Las Vegas, NV at the Venetian Hotel. All hotel expenses were paid for using the local's debit card. One expense included a movie rental charge of \$12.99. You advised that the local does not allow for personal expense reimbursement. OLMS review of union receipts for the audit period disclosed no reimbursement for the movie rental by you. When I advised you of my findings, you stated that you normally reimburse Local 609 for such charges, but in this case you forgot. You repaid the charge and provided me with proof of repayment as well as documentation showing that it was deposited into Local 609's checking account.

I want to extend my personal appreciation to AFGE Local 609 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,

  
Senior Investigator

cc: Mary J. Burke, Executive Board Member