

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Nashville District Office
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Nashville, Tennessee 37228



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September 20, 2005

David Carter, President
Government Employees AFGE AFL-CIO
LU 1687
P.O. Box 518
Mountain Home, TN 37684-0518

Re: 2

Dear Mr. Carter:

This office has recently completed an audit for fiscal year ending December 31, 2004 of Government Employees AFGE AFL-CIO, LU 1687, 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, as amended (LMRDA). As discussed during the exit interview with you, 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.

Officer Salary Payments

The CAP disclosed that Local 1687 paid a former union officer two salary payments in the amount of \$150.00 each in the month of October 2004, resulting in an overpayment in the amount of \$150.00 to the officer for salary payments. I suggest that the local more closely monitor its salary payments to officers and employees in order to prevent double salary payments. You agreed that the local would more closely monitor its salary payments to officers and employees in the future and that double salary payments would not occur.

Officer and Employee Expenses

The CAP disclosed that Local 1687 failed to retain adequate documentation for reimbursed expenses to local officers. The date, amount and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded. With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it

providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements. You agreed to retain at least one union record with the necessary supporting information recorded on it for all officer and employee expenses, including meal expenses.

Officer and Employee Benefits

Additionally, the CAP disclosed that Local 1687 failed to properly record the medical insurance premium payments for a former employee for the period from April 2000 through September 2004, at which time the employee terminated employment with the local. The payments were disbursed by check made payable to a business for the employee's medical insurance premiums; however, the checks were actually negotiated by the employee. The local also failed to maintain records of an insurance policy for the employee. Finally, the local failed to maintain records of the approval by the membership of the increase in the payment amounts between April 2000 (when the initial approval of the payment amount occurred) and September 2004. You agreed to retain records for all insurance and benefit policies for any officer or employee of the union in the future. You also agreed that in the future all disbursement by check would be made payable to the individual negotiating the check. Finally, you agreed that in the future the membership would approve any increases in benefit or insurance payments.

Reporting Violations

Finally, the CAP disclosed that the local failed to properly complete the LM-3 report for fiscal year ending December 31, 2004 in that the local identified dues receipts in Item # 38 in excess of the actual amount received by the local and per capita disbursements in excess of the actual amount disbursed by the local. The local's dues check-off receipts are sent directly from the employer to the AFGE National. AFGE National deducts per capita taxes owed to the national by the local, and then forwards the remaining monies to the local. Therefore, Item # 38 should contain only those dues collected directly by the local and those dues forwarded from the national to the local. Additionally, Item 47 should contain only those per capita tax payments made directly from the local.

I am not requiring that Local 1687 file an amended LM-3 report for fiscal year ending December 31, 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency. Additionally, as agreed, provided that Local 1687 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding the above-mentioned record keeping violations.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If I can be of any assistance to you in the future, please do not hesitate to call.

Sincerely,



Investigator