

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Dallas District Office
525 S. Griffin Street, Room 300
Dallas, Texas 75202
(972) 850-2500/ FAX: (972) 850-2501



October 13, 2005

AFGE
LU 171
Attn: Darla Rissler
PO Box 609
El Reno, OK 73036

RE 2

Dear Mrs. Rissler:

This Office has recently completed an audit of American Federation of Government Employees LU 171 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA). As discussed during the exit interview with President Sam Craven on October 7, 2005, 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 a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 171 for fiscal year ending December 31, 2004 failed to meet the standards of acceptability.

The following deficient items were identified:

1. All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).
2. All employees who are not officers who received lost time or any other direct or indirect disbursements should be reported in item 46.

3. Other Disbursements of \$61,564 were improperly reported. Enter all disbursements made by your organization not reportable in items 45 through 53, including supplies for resale, educational and publicity expenses, and withholding taxes in item 54.

4. End of year fixed assets was improperly reported. Enter the book value of all fixed assets in item 29 such as land, computers, and furniture. The book value of fixed assets is cost less depreciation.

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 171's officers are currently bonded for \$20,000 but they must be bonded for at least \$25,000. The union should obtain adequate bonding coverage for its officers immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

It will be necessary for Local 171 to file an amended LM-3 report for FYE 2004 to correct the deficient items discussed above. You may use the new electronic forms software available from OLMS to complete the amended reports. The amended report should be submitted to this office at the above address as soon as possible, but no later than 11/07/05. Before mailing, review the report thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

Several other discrepancies were noted during the audit that was corrected immediately. For example, maintaining an inventory list, and keeping all Local 171 records at the union hall

I want to thank Sam Craven and Darla Rissler for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

J(c)

Investigator