

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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August 18, 2009

Mr. Anthony McCray, President  
Government Employees AFGE AFL-CIO  
Local 1633  
2002 Holcombe, Suite 5B111  
Houston, Texas 77030-4211

LM File Number 502-299

Case Number: [REDACTED]

Dear Mr. McCray:

This office has recently completed an audit of 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, Executive Vice President Michael King, First Vice President Professional Kamal Malek, First Vice President Non-Professional Eddie Jones, and Certified Public Accountant Donald R. Bond on August 17, 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.

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 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 1633's 2008 records revealed the following recordkeeping violation:

#### Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the executive board authorized the Christmas party committee to receive per diem for the time they spent working at the Christmas party and roundtrip mileage for traveling to the Christmas party location. The Bylaws for AFGE Local 1633 require that necessary local expenditures and the procedures for payment of authorized local expenditures be authorized by an annual budget, the membership, and the executive board. Although these expenditures were discussed at one of the committee's meetings, there was no formal authorization by the annual budget, the membership, or the executive board to incur this expense. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1633 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### Other Violation

The audit disclosed the following other violation:

### 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 1633 are currently bonded for \$30,000; however, they must be bonded for at least \$40,396.

The audit revealed that Local 1633'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 Issue

#### Signing Blank Checks

During the audit, you advised you sign blank checks. Your union's policy requires that all checks be signed by the president and treasurer. 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. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1633 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to you 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: Michael King, Executive Vice President

Mr. Anthony McCray  
August 18, 2009  
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