

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Haven Resident Investigative Office
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August 11, 2009

Mr. Bernard Monagan, President
Government Employees, AFGE AFL-CIO
Local 1661
PO Box 8409
New Fairfield, CT 06812

LM File Number 501-841
Case Number: [REDACTED]

Dear Mr. Monagan:

This office has recently completed an audit of Govt Emp AFGE Local 1661 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 Thursday, August 6, 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.

The CAP disclosed:

Recordkeeping Violations

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 the Government Employees LU 1661 revealed the following recordkeeping violations:

1. Failure to Keep Records – Credit Card Supporting Documentation

Local 1661 did not have adequate records in the union files to support disbursements for payments to credit card companies. Local 1661's supporting records were maintained in a trailer on the premises of Danbury Federal Prison, and that trailer was flooded in December 2008, destroying the credit card bills and associated supporting documentation. You were advised that original credit card bills, and all original receipts associated with those bills should be maintained in the union records for five years.

2. Payments to Officers

Local 1661 reported payments to officers of \$16,080 on its LM-3 report for fye 12/31/08. No checks to officers were found in the union records. Apparently, all of these payments were made to the officers in the form of credit card purchases for travel and other union related expenses. There were no vouchers or other union records to support these payments, and the original credit card bills, as discussed above, were destroyed when the local's trailer was flooded. There was no supporting documentation retained in the union records reflecting the executive board's approval to fund travel or other expenses for union officers.

Based on your assurance that Local 1661 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed violations of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations.

The LM-3 filed by Local 1661 for fiscal year ending December 31, 2008 was deficient in the following areas:

1. End of Reporting Period Cash (LM-3 Item #25)

Local 1661 reported its end of the reporting period cash in Item #25 as \$12,376. This was the amount of cash the local had at the end of January 31, 2009, not the amount at the end of December 31, 2008. The correct ending cash figure should be \$5,991.

2. Cash Receipts Overstated (LM-3 Items #38, #41, #44)

Local 1661 overstated its annual receipts for 2008. All union dues are directly deposited to the local's bank account by the national AFGE. The dues amount should be reported as \$39,908, not \$49,073. The interest paid on the union's bank accounts was \$10, not \$25. The total receipts for 2008 were \$39,918, not \$49,083.

3. Cash Disbursements Overstated (LM-3 Items #45-#55)

Local 1661 reported its total disbursements in 2008 as \$62,105. However, only \$49,083 was disbursed from your bank account during the calendar year. Benefits (payments to Dentcare for dental insurance for members) were \$10,886, but you reported payments of \$19,000, which included payments not made during the calendar year 2008. Other disbursements were overstated as well. Only disbursements made during the calendar year should be reported on the LM-3, which is a cash basis form.

Local 1661 must file an amended Form LM-3 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. You were advised that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The

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amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 28, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Govt Emp AFGE Local 1661 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: Jennifer Harrington, Secretary-Treasurer