

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Boston District Office  
Room E-365  
JFK Federal Building  
Boston, MA 02203  
(617)624-6690 Fax: (617)624-6606



April 22, 2009

Mr. Warren Maloney, Local President  
Government Employees AFGE AFL-CIO  
Local 1906  
PO Box 376  
Norton, MA 02766-0376

LM File Number 503-203  
Case Number: ||| ||| ||| ||| |||

Dear Mr. Maloney:

This office has recently completed an audit of AFGE Local 1906 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 Executive Vice President Ross London and you on April 22, 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, reporting violations, and other issues.

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 1906's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1906 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$1,030. For example, cell phone payments for President Maloney and office and administrative supplies did not have adequate documentation retained.

As previously 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.

2. Lack of Meeting Minutes

Article IV Section 10 requires that the local's treasurer make a financial report at each regular meeting and disbursements for payments of current bills (other than initiation fees and per capita tax) shall be authorized by the local. However, Local 1906 did not maintain any meeting minutes for meetings that occurred during the fiscal year ending December 31, 2007. Minutes of all membership or executive board meetings must be maintained to verify disbursement authorizations made at those meetings.

Based on your assurance that Local 1906 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

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 1906 for fiscal year ending December 31, 2007, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 1906 did not include some reimbursements to officers totaling at least \$500 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 1906 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 Expense).

#### 2. Failure to Report Receipts and Disbursements

Local 1906 did not report at least \$830 in local receipts and \$860 in local disbursements in Statement B of the local's LM-3 filed for the fiscal year ending,

December 31, 2007. The Statement B instructions state that receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.

3. Failure to Properly Categorize Disbursements

Local 1906 did not correctly categorize at least \$3,000 in per capita tax payments in Item 47 (Per Capita Tax). It appears though the local erroneously reported these disbursements in Item 49 (Professional Fees). The instructions for Item 47 state the total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other labor organization.

I am not requiring that Local 1906 file an amended LM report for 2007 to correct the deficient items, but Local 1906 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Two Signatures on Checks

Your union's bylaws require 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, Local 1906 is only requiring one signature on all checks. OLMS recommends that Local 1906 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to AFGE Local 1906 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,

Mark Letizi

Mr. Warren Maloney  
April 22, 2009  
Page 5 of 5

District Director

cc: Ross London, Local Executive Vice President