



May 13, 2015

Ms. Deborah L. Slakes, President
Government Employees AFGE AFL-CIO Local 2144
PO Box 370282
Milwaukee, WI 53237

Case Number: 320-6003476()
LM Number: 501126

Dear Ms. Slakes:

This office has recently completed an audit of Government Employees AFGE AFL-CIO Local 2144 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you, Vice President Craig Kibbe, and Treasurer Anne Steffel on May 8, 2015, 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 2144's 2013 and 2014 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Reimbursements to Officers

Local 2144 did not retain adequate documentation for disbursements to vendors and payments to you and Ms. Steffel totaling at least \$2,505. For example, adequate supporting documentation was not retained for a \$1,432 check issued to Ms. Steffel on August 9, 2013 for reimbursed expenses that included \$1,000 for a “treasurer’s fee,” \$80 for the annual Christmas dinner, and \$40 for “other.” In support of these expenses, Local 2144 only retained the cancelled check and a copy of a detail sheet from its 2012 annual budget that included the expenses claimed by Ms. Steffel, which is not sufficient.

As 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. Receipt Dates not Recorded

During the audit year, Local 2144 recorded receipts in a financial summary spreadsheet maintained in Excel. Entries in the financial summary spreadsheet reflect the month the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Item 16 (Total Receipts of Your Organization during the Reporting Period) of the LM-4. The LM-4 instructions for Item 16 state that the labor organization must enter the total amount of all receipts it receives during the reporting period. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 2144 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-4) filed by Local 2144 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Total Receipts

Local 2144 did not include receipts totaling \$1,550 that were received during the reporting period in the amount reported in Item 16 (Total Receipts of Your Organization during the Reporting Period). The audit revealed that Local 2144 received receipts totaling \$5,327

during the year; however, the total amount reported in Item 16 was \$3,777. During the exit interview, Ms. Steffel stated that the union failed to report a \$1,100 reimbursement from the National Council of HUD Locals and a \$450 refund from the Internal Revenue Service.

The union must report the total amount of all receipts it received during the reporting period in Item 16. The amount should include, for example, dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the union. The union should also include payments in lieu of dues received from any non-member employees as a condition of employment under a union security provision in a collective bargaining agreement.

2. Total Disbursements

Local 2144 did not include disbursements totaling at least \$755 that were made during the reporting period in the amount reported in Item 17 (Total Disbursements Made by Your Organization during the Reporting Period). The audit revealed that Local 2144 made disbursements totaling \$7,118 during 2014; however, the total amount reported in Item 17 was \$6,363. It appears that the union erroneously reported checks totaling at least \$794 that were written in 2013 and cashed in 2014. In addition, the union failed to report \$1,100 in reimbursements paid to you in 2014 and appears to have incorrectly reported a disbursement to the Internal Revenue Service as \$400 instead of the actual amount of \$850.

The union must report the total amount of all disbursements it made during the reporting period in Item 17. The amount should include, for example, net payments to officers and employees, per capita tax and any other fees or assessments which the union paid to any other labor organization, payments for administrative expenses, loans made by the union, and taxes paid.

3. Disbursements to Officers and Employees

Local 2144 did not include some payments to you totaling at least \$1,100 in the amount reported in Item 18 (Total Payments to Officers and Employees Made by Your Organization during the Reporting Period). The audit revealed that Local 2144 made payments to officers totaling \$3,940; however, the total amount reported in Item 18 was \$2,840.

The union must report the total amount of all payments to officers and employees made by it during the reporting period in Item 18. The amount should include, for example, gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official business of the union as well as disbursements which were essentially for the personal benefit of the officer or employee.

4. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to

the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Local 2144 amended its constitution and bylaws in 2011, but did not file the required copies with its LM report for that year.

Local 2144 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 2144 file an amended LM report for 2014 to correct the deficient items, but Local 2144 has agreed to properly report the deficient items on all future reports it files with OLMS.

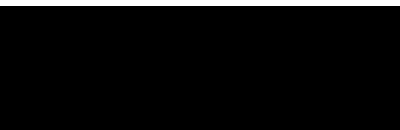
Other Issues

Disbursement Dates Recorded in Financial Summary Spreadsheets

The audit revealed that Local 2144 routinely recorded transactions in its financial summary spreadsheet months after the transactions actually occurred. For example, check # [REDACTED], dated December 10, 2013, was recorded in Local 2144's financial summary spreadsheet in January 2014, the month the check cleared the bank. Local 2144's cancelled checks and check carbons record the date that disbursements were made by the union; however, checks were entered in the financial summary spreadsheet on the date they cleared the bank. The practice of recording checks in the financial summary spreadsheet on the date they cleared the bank should be discontinued because it could result in the union reporting some disbursements on its LM-4 for a different year than the one in which they were made.

I want to extend my personal appreciation to Government Employees AFGE AFL-CIO Local 2144 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: Mr. Craig Kibbe, Vice President
Ms. Anne Steffel, Treasurer