

U.S. Department of Labor

Employment Standards Administration
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June 16,2008

Ms. Rosa Timmons, President
Government Employees AFGE AFL-CIO
Local 997
PO Box 2470
Montgomery, AL 36102

LM File Number 502-377

Case Number: [REDACTED]

Dear Ms. Timmons:

This office has recently completed an audit of AFGE Local 997 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 Bernard Ashley, Lula Crosby, and you on June 11,2008, 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 the following:

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 AFGE Local 997's 2007 records revealed the following recordkeeping violation:

Fixed Assets

Local 997 did not have a fixed asset list or inventory sheet for the audit year. The union had fixed assets, including, but not limited to: Computers, printers, fax machine, office furniture, and a television. During the audit the union valued their fixed assets at \$3,276.00. The proper maintenance of union records is the personal responsibility of the individuals who are required to file AFGE Local 997's LM report.

Based on your assurance that AFGE Local 997 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

The audit disclosed violations of LMRDA Section 201(a&b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by AFGE Local 997 for fiscal year ending 12-31-2007, was deficient in the following areas:

1. Failure to File By Laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. AFGE Local 997 amended its constitution and bylaws in February 2005, but did not file a copy with its LM report for that year or any year since. As agreed, AFGE Local 997 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than June 27, 2008.

2. Cash Receipts

It appears that the cash figures reported in Item 38 are not the cash figures according to the union's books after reconciliation to the bank statements. The union reported \$89,202.00 when the actual figure should have been \$48,535.00. The instructions for Item 38 state that the union should report the total dues received by your organization but not the portion retained by the parent body for per capita tax or other purposes. Receipt balances obtained from the union books as reconciled to the deposits shown on bank statements should be reported.

3. Fixed Assets

The cash figures reported in Item 25 are not the correct figures according to the union's fixed asset holdings and their value. The union reported \$0.00 in fixed asset holdings for the year beginning 01-01-2007 and the year ending 12-31-2007. The union placed the estimated value of their fixed asset holdings at \$3276.00 as of 12-31-2007. The instructions for Item 29 state that the union should report the book value of all fixed assets such as office furniture and equipment owned by the union at the start and end of the reporting period.

AFGE Local 997 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than **June 27, 2008**. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Signing Blank Checks

During the audit, you advised that both yourself and Bernard Ashley signs blank checks. Your union's bylaws are not clear on check signatures and do not specifically address who can sign the union's checks. 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,

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and negates the purpose of the two signature requirement. OLMS recommends that AFGE Local 997 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to AFGE Local 997 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: Bernard Ashley, Vice President