

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 10, 2007

Ms. Linda Rubino, President
American Federation of Government Employees Local 2143
150 South Hunting Avenue
C/O VA
Boston, MA 02130

LM File Number: 502-702

Case Number: [REDACTED]

Dear Ms. Rubino:

This office has recently completed an audit of American Federation of Government Employees Local 2143 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 Code of Federal Regulations 458. As discussed during the exit interview with you and Secretary-Treasurer Joan Wallace on July 10, 2007, 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 organizations 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 2143's 2005 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 2143 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers and employees totaling at least \$2,932.42. For example, Local 2143 did not retain documentation for \$317.90 in payments to AOL for internet service. Also, Local 2143 did not retain adequate documentation for \$2,275.02 in hotel and airplane costs for union officers' and employees' travel to conventions and conferences during the audit year.

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. Failure to Maintain Receipt Records

Local 2143 did not record in its receipts records some employer dues checkoff checks totaling at least \$7,824.00. For example, Local 2143 did not retain documentation regarding four employer dues checkoff checks received during the audit year. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Failure to Maintain Cancelled Checks

Local 2143 did not maintain \$3,812.50 in cancelled checks for the audit year. Voided and cancelled checks are considered a financial record and, therefore, the union must retain these checks.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 2143's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local 2143 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 2143 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Disbursements

Local 2143 erroneously reported the disbursement as \$67,677. Local 2143 actually disbursed \$67,637 for the fiscal year ending December 31, 2005. It appears that expenses to officers, employees and office and administrative expenses were reported higher on the LM-3 report than were actually disbursed during the fiscal year, while per capita taxes and office and administrative expenses were not fully accounted for on the LM-3 report.

Local 2143 must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above. OLMS 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 July 31, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. President Signature on All Checks

In accordance with Article III, Section 3 of the American Federation of Government Employees Local 2143 Constitution and By-laws: "the Secretary-Treasurer shall sign and the President shall counter-sign checks covering proper expenditures for the local. In the absence of either officer, the Executive Vice President may sign." Currently, the president is not signing all checks as required by the local union's constitution article listed above. In the future, Local 2143 should ensure that all checks are signed by both the local president and local treasurer.

2. Payment of Taxes

Local 2143 is currently not collecting or paying taxes for local union officer salaries. Local 2143 needs to ensure all Internal Revenue Service requirements are met for collecting, recording, filing and paying taxes on local union officers' salaries.

Letter/Ms. Linda Rubino

July 10, 2007

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I want to extend my personal appreciation to American Federation of Government Employees Local 2143 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
District Director

cc: Ms. Joan Wallace, Secretary-Treasurer