

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigative Office
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July 24, 2006

Mr. Wayde Howard, President
Government Employees, AFGE AFL-CIO Local 2265
8725 River Heights Way
Inver Grove Heights, MN 55076-3477

Re: Case Number ~~_____~~

Dear Mr. Howard:

This office has recently completed an audit of AFGE Local 2265 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 and Secretary-Treasurer Marie Geist on June 2, 2006, 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 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 2265's 2005 records revealed the following recordkeeping violations:

1. Receipts

Local 2265 recorded the incorrect date and amount for some of its receipts, and failed to record the date for other receipts in its general ledger. For example, on March 2, 2006, I reviewed a check to Local 2265 for \$36 from [REDACTED] which had not yet been deposited. The payment was later recorded in the general ledger as received on March 15, 2006.

Union receipts records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source. Failure to record the exact date that money was received could result in some receipts being reported in a different year than they were actually received. Local 2265 should take steps to ensure that all transactions are recorded in a timely manner.

2. Disbursements

Local 2265 did not keep vendor receipts for some of its purchases. For example, no vendor receipts were found for check [REDACTED] to Aramark for \$95.85. As previously noted above, all original bills, invoices, receipts, and vouchers must normally be maintained.

As agreed, provided that Local 2265 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(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 Local 2265 for fiscal year ending December 31, 2004, was deficient in that Item 21 (Changes in Constitution and Bylaws) is incorrectly answered no. Local 2265 amended

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its constitution and bylaws in 2004, but a copy was not filed with its LM report for that year. LMRDA Section 201(a) requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. A copy of Local 2265's constitution and bylaws has now been filed.

Other Violations


The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. The audit revealed that officers and employees were not bonded for the minimum amount required. Adequate bonding coverage was obtained and documentation was provided during the audit. No further enforcement action will be taken.

I want to extend my personal appreciation to AFGE Local 2265 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: Marie Geist, Secretary-Treasurer


LM: 501-500