

CHAPTER 25-10

DHEW EMPLOYEE WELFARE AND RECREATION ASSOCIATIONS

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25-10-00 PURPOSE

This chapter establishes policies governing the relationships between the Department and employee welfare and recreation associations; states the responsibilities of Department and employee association officials; and states the authority of the Department officials for making determinations and taking action on the authorization to identify with the Department, organization, operation, review for continued compliance with policies, and withdrawal of authorization to identify with the Department.

25-10-10 SCOPE

These policies apply to formally organized employee associations, clubs, cooperatives, and similar groups whose **primary purpose** is to serve employees' welfare and recreation needs or to provide services to employees and **items** of convenience and necessity not otherwise available from regular commercial sources within a reasonable distance from the worksite. These policies do not apply to professional societies, employee credit unions, labor unions, or informal **groups (i.e., "fiower" or "sunshine" funds).**

25-10-20 RESPONSIBILITY AND AUTHORITYA. Assistant Secretary for Administration and Management:

Responsibility and authority for the issuance of the policies stated in this Chapter are delegated to the Assistant Secretary for Administration and Management by Chapter 1T-30, Part 1 (Office of the Secretary) Staff Manual--ORGANIZATION. The Assistant Secretary for Administration and Management (**ASAM**) is the responsible official for employee associations operating **Department-**wide. The Deputy Assistant Secretary for Personnel and Training (DASPT) is delegated authority to act as the responsible official for the **ASAM**.

B. Operating Agency Heads: The head of each operating agency is the responsible official for employee associations operating in the operating agency.

C. Installation Head: The head of each installation is the responsible official for employee associations operating in the installation.

D. Delegations of Authority: The **ASAM**, operating **agency** heads, and installation heads may delegate the responsibilities and authorities assigned by this Chapter. Delegations must be in writing and copies must be filed with the DASPT.

25-10-30 DEFINITIONS (For purposes of this Chapter)

A. Employee Association: Means a formally organized group whose primary purpose is to serve the welfare and recreation needs of, or to provide services to, employees of the Department of Health, Education, and Welfare. (See 25-10-10 above).

B. Responsible Management Official: Means the officials identified in 25-10-20 above. When an employee association serves the employees of more than one operating agency, the **DHEW** official, identified in 25-10-20 above, responsible for providing management services in the installation is the responsible **manage-**

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ment official. The Assistant Secretary for Administration and Management is the responsible management official for employee associations that operate Department-wide (e.g., the HEW Employees' Association, HEW Employees' Insurance Association, Incorporated).

C. Department: Means the Department of Health, Education, and Welfare, and any organizational component of the Department.

25-10-40 POLICIES

Employee welfare and recreation associations meet definite needs of employees and serve many beneficial purposes, both for the employees and for the Department. The Department as an employer also benefits from activities which promote the morale and welfare of its employees. Accordingly, the Department encourages cooperative activities by employees. At the same time, the Department must ensure that associations are organized and operated in the best interest of their members and in a manner which safeguards the Department's public relations and its reputation as a responsible employer.

Only employee associations authorized under this Chapter may be designated to receive income from **concession** operations or vending machines (See **25-10-40F2a(3)** below). Income received from concession operations or vending machines must be budgeted for activities that are open without any restrictions-regarding membership in the employee association.

The following specific policies shall govern the organization and operation of employee associations and their relations with the Department:

A. Authorization

1. General

- a. Permission to identify with the Department must be authorized, in writing, by the responsible official.

(25-10-40A1 Continued)

- b. Whenever a group of employees of the Department propose to organize an association as defined in 25-10-10 above, they must make their request to identify with the Department in writing. An officer of the employee association authorized to act for the employees association makes the request. Requests must include a copy of the: charter, statement of purpose, constitution, bylaws; list of current board of directors (or other governing body): officers, executive (management) committee, and supervisory (audit) committee: and latest financial statements (balance sheet and income and expenses). As a minimum, the employee association must commit itself to observing the policies stated in this Chapter.

2. Withdrawal of Authorization

- a. The responsible management official, as a condition of continued permission to identify with the Department, may at any time, require appropriate evidence of compliance with the policies stated in this Chapter.
- b. Authorization to identify with the Department will be withdrawn whenever the responsible management official finds: (1) that the employee association is not abiding by the policies of this Chapter: and (2) after giving notice of the corrective action that must be taken (including a specified date by which corrective action must be completed) that the employee association has failed to take the necessary corrective action (See 25-10-40 H6 below).

(25-10-40A2 continued)

B. Membership and Participation

1. Membership in DHEW employee associations shall be open to employees without regard to race, color, religion, sex, or national origin.
2. All activities sponsored by employee associations must be open to participation by all qualified employees without regard to race, color, religion, sex, or national origin. Accordingly, no employee association may sponsor any activity or event which is not open to all qualified employees even though the restrictions are not placed by the association but are imposed by the law or custom of the community.
3. No employee association which practices discrimination based on race, color, religion, sex, or national origin, shall be allowed to use the name, sponsorship, or facilities of the Department.

C. Organization

1. Membership Control: Employee associations shall provide in their statement of purpose, charter, or constitutions for a form of organization which ensures democratic control by the association membership. The employee association shall have a governing body (such as a board of directors or council) elected from the association membership. If the association serves more than one operating agency, each operating agency shall have representation on the governing body in proportion to its membership in the association.
2. Association Management: The bylaws of the employee association shall carefully define the functions and authorities of the governing body and officers, Such

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functions and authorities shall in total provide a comprehensive set of duties and responsibilities for the management of the association's affairs.

3. Conflict of Interest:

In order to assure arms-length dealings and to avoid personal interests influencing the conduct of employee association business, employee associations shall include in their bylaws, a prohibition, that association officers, members of governing bodies, and association employees: (1) shall not accept gratuities or any other benefits, directly or indirectly, from sellers of goods or services, doing or soliciting business with the association and (2) shall not receive special discounts over and above those available to members.

4. Incorporation: Employee associations which are not incorporated should consider the advantages, especially protection of members against individual liability, of incorporating under the laws of the State in which located. If the employee association is not incorporated the membership card must state the members' individual liability.

5. Day-to-Day Business Activities: Employee associations should employ part-time or full-time salaried employees to conduct their day to day business activities. (See 25-10-40G below).

6. Minutes: Employee associations shall make available for inspection by all members of the association, copies of the minutes of meetings of the association and copies of the minutes of meetings of the governing body.

7. Notice to Members: The availability of **copies** of the charter, constitution, bylaws, and minutes of meetings of the association and the governing body, for inspection by members, shall be made known, at least annually, by publication of a notice in the association publication **or** by the posting of a notice on bulletin boards.

D. Activities

1. Authorized Activities: Employee associations **may**, within the limits of applicable Federal, State, and local laws, engage in activities which minister to the welfare and recreational needs of their members without reflecting detrimentally on the Department. (See, however, **25-10-40B**, above).

2. Retail Trade:

- a. Employee associations may, normally, engage in retail trade in order to provide employees with services and **items** of convenience and necessity not otherwise available from regular commercial sources, within a reasonable distance from the worksite.
- b. Employee associations shall not use Government **facilities** for the storage or sale of **alcoholic** beverages or other items which are prohibited by Federal regulations.

3. Determinations:

The responsible management official shall make the determination regarding activities that may reflect detrimentally on the Department and the extent of direct retail trade activities under **25-10-40D2a** above.

E. Financial Management

Every employee association is accountable to its membership for the funds entrusted to it

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and shall make accounting arrangements appropriate to the size and complexity of its financial affairs.

1. Accounting Systems: Every employee association shall maintain adequate records of receipts and disbursement of association funds as well as a current inventory of association property. The type of accounting system will depend on the volume of funds handled by the employee association. The accounting system shall, as a minimum, be so designed that: (a) it provides adequate controls to assure proper disbursement of and accounting for cash and property; and (b) it permits an accurate and expeditious independent audit (examination) and the preparation of financial reports as indicated in 25-10-40E2 and 25-10-40E3 below.
2. Periodic Audits (Examination): Every employee association shall have its records audited at least once a year. An employee association with gross receipts of \$25,000 or more a year shall have its records examined by a qualified public accountant. An employee association with gross receipts of less than \$25,000 a year may, in lieu of an audit by a qualified public accountant, have an audit made by an audit (supervisory) committee whose members are not officers or employees of the association. The audit must be made in accordance with generally accepted auditing standards for the purpose of expressing an opinion on the financial statements (See 25-10-40E3, 25-10-40H4, and 25-10-40H6 below).
3. Financial and Audit Reports: Every employee association shall brief and publish for association members, the

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financial reports (balance sheet and income and expense statement) resulting from audits. The opinion of the public accountant or the audit committee in respect to the financial statements must be included. A copy of the briefed, financial reports shall be posted on the agency's bulletin boards and **in** the office(s) of the association. The right of members to inspect a copy of the complete audit report shall be stated in the briefed financial reports. A copy of each financial report and audit report (complete and briefed) shall be furnished to the responsible management official as soon as the report is prepared.

4. Physical Security of Funds: Department policies stated in Chapter 29-05-- Protection of Banking Facilities-- General Administration Manual must be followed by employee recreation and welfare associations.
5. Bonding: The elected officers and paid employees of the association who have **access** to association funds in excess of \$500 shall post fidelity bonds in a sufficient amount to protect the association against possible loss. Bond coverage will be reviewed, at least annually, and adjustments made to assure that full protection of the association against possible loss is maintained.
6. Insurance: Employee associations which keep on hand or in transit (not in bank deposits) amounts in excess of \$1,000 shall procure burglary, holdup, robbery and larceny insurance. Other insurance coverage, including fire and liability, to cover other risks shall be carried by each employee association. Insurance coverage will be reviewed, at least annually, and adjustments made

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to assure that full protection of the association against possible loss is maintained.

7. Limit on Cash Reserves: Employee associations shall avoid accumulating unnecessary reserves. Each employee association, in consultation with the responsible management official, shall establish a limit on the reserves that bear a direct relationship to a definite purpose for which such reserves are being accumulated.

F. Use of Government Facilities and Services

1. General: The Department will provide employee associations such practical assistance in the form of facilities and services as may be feasible on a local basis. Department management officials shall be guided in this by the considerations of public interest which govern the custody and administration of Federal property and facilities.
2. Space:
 - a. The responsible management official shall grant employee associations the use of space controlled by DHEW under the following conditions:
 - (1) Auditoriums, cafeterias and similar space shall be made available for group activities upon request of an employee association, in accordance with Manual Circular-General Administration No. 69-5, Rev.--Use of Department Facilities For Meetings For Non-Official Purposes, dated 7/31/71.
 - (2) Reasonable amounts of space, as may be required for necessary business operations, shall be made available to employee associations for exclusive

occupancy when management finds that setting aside the space for this purpose will not hamper program operations. Requests for space shall be in writing. Occupancy will be on the basis of a formal agreement entered into by the appropriate official and the employee **association**, in accordance with real property management policies as stated in Chapter 3-250 Real Property Management --Facilities Engineering and Construction Manual (FECM) and Chapter 3-336 Assignment of Space to Employee Associations and similar activities (to be issued) FECM.

- (3) Subject to the provisions of the Randolph-Sheppard Act (20 U.S.C. 107-107f); Chapter 3-320 Vending Stands For The Blind On Federal Property In The Custody of **DHEW** (Randolph-Sheppard Act)-FECM; and Title 45 Code of Federal Regulations, Section 20, space for income-producing equipment, such as vending machines, may be provided at a nominal charge to employee associations of \$1.00 per month for each machine in lieu of rental. However, assignment of vending machine income may be made only to employee associations that have been authorized under this Chapter (See 25-10-40A above).

- b. Requests for the use of space controlled by the General Services Administration (GSA) shall be submitted to the responsible management official for review and recommendation for action by GSA.

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3. Other Management Services: The responsible management official may provide management services (e.g. duplicating, printing, etc.) to employee associations whenever permitted by Department policy and regulations, when this will not interfere with the efficiency of the servicing facility. The employee association shall make reimbursement for services rendered. Reimbursement shall be on an actual cost basis, when adequate **cost records** are available. Reimbursement shall be based on the appropriate price schedules of the Office of the Secretary Working Capital Fund, when adequate cost records are not available.

G. Use of Official Time for Employee Association Business:

1. Management officials may authorize the use of official time (See, also, Federal Personnel Manual-Chapter 630, Subchapter 11--Excused Absence: Supplement 990-2, Book 630, Subchapter 11--Excused Absence: and HEW Personnel Guide for Supervisors, Chapter IV, Guide 5, Supplement 1, paragraph 21) by officers and members of the governing bodies of employee associations for conducting association business in accordance with the following standards:
 - a. Use of official time for conducting association business must not interfere with the proper performance of the employee's regular duties,
 - b. Use of official time will be confined to matters which cannot reasonably be taken care of outside official hours.
2. Official time will not be used for record keeping, conducting day-to-day business activities, or to manage or participate in welfare and recreation activities of the association.

H. Management Relations With Employee Associations:

1. General: Management officials, in their relations with employee associations, shall administer these policies in a spirit of constructive interest in employee affairs and with a view to facilitating the organization and conduct of worthwhile employee services and cooperative activities.
2. Liaison Representative: The responsible management official will designate a liaison representative for each employee association operating in the installation, at the time the employee association is officially authorized by the responsible management official. The proper role of the liaison representative is purely advisory. The employee association should use the liaison representative as a channel for keeping the responsible management official informed of the association's activities and problems, and as a means of obtaining the responsible management official's views as needed.
3. Management Practices: To assist an employee association in evaluating its management policies and procedures, the responsible management official may, at the association's request, designate a qualified employee to survey the association's management requirements (financial, personnel, etc.) and to make recommendations to the association as to the best methods for meeting them. The association shall be responsible for securing the necessary professional services to implement any such recommendations.
4. Financial Audits: Management officials shall avoid any responsibility for the audit of an employee association's accounts or the accuracy of its financial reports (See 25-10-40E2 above).

(25-10-40 H continued)

5. Recognition: Management officials shall not "recognize" employee welfare and recreation **associations** as qualified to represent employees or reflect employee opinion on job-related matters whether or not there exists locally an employee **union**.

6. Management Audit: The internal audit organization responsible for reviewing the **activities** of an installation shall inspect each employee association at that installation at least as frequently as it inspects any organization at the installation. Inspectors shall have ready access to all employee association records. The inspection shall be sufficiently thorough to enable the auditors to express an opinion as to the degree of compliance with the policies set forth in this Chapter. A copy of the inspection report will be **furnished** to the responsible management official and to the employee association inspected. On the basis of the **in-**inspection report, the responsible management official will take whatever action is necessary to assure continued compliance with the policies set forth in this Chapter (See 25-10-40A2 above).

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