



March 11, 2020

Mr. Lawrence Csorba, Treasurer
IGUA Local 160
PO Box 5677
Washington, DC 20016

Case Number: 450-6013149
LM Number: 545-489

Dear Mr. Csorba:

This office has recently completed an audit of International Guards Union of America (IGUA) Local 160 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 on February 24, 2020, 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 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 Local 160's 2017 records revealed the following recordkeeping violations under the tenure of previous principal officers:

1) Failure to Record Receipts

- a) Local 160 did not create and/or retain adequate records for numerous dues payments paid directly to the local by check or cash. For example, in January 2017, eight deposits totaling \$1,420 were made into the local's checking account with no accompanying records. 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.

OLMS recommends that Local 160 use a duplicate receipt system where the local issues original pre-numbered receipts to all members who make payments directly to the local and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the local should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

- b) Local 160 did not create and/or retain adequate records for dues payments paid into the local's PayPal account. For example, on June 5, 2017, and August 14, 2017, two payments totaling \$280 were received with no documentation or identifying information of the member making the payment. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, the source of the money, and for dues payments, a record of which time period dues are being paid.

2) Failure to Record Disbursements

- a) Local 160 did not create and/or retain adequate documentation for five disbursements totaling \$16,730. While the local retained backup documentation for some of these transactions, all of the disbursements lacked detailed documentation to match the disbursement on the bank statement to the documentation. For example, on February 22, 2017, the local disbursed a bank check for \$4,000 and the local did not retain a copy of the check nor any record to link the check to the backup documentation of its legitimate union purpose.

- b) Local 160 did not create and/or retain any documentation for a GoFundMe fundraising campaign sponsored by the local for which approximately \$1,740 was raised. The local must retain statements, a ledger, or similar records of the date and source of the donations, and the date and recipient of the disbursed donation.

Based on your assurance that Local 160 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit 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 audit disclosed a violation of this requirement by previous principal officers. The Labor Organization Annual Report Form LM-3 was not filed by Local 160 for fiscal year ending December 31, 2017.

Local 160 must file Form LM-3 for the fiscal year ended December 31, 2017. Local 160 may complete, sign, and file its reports electronically using the Electronic Forms System (EFS) available at the OLMS website at <https://www.dol.gov/olms/>. The Form LM-3 should be filed electronically no later than March 31, 2020. Before filing, review the reports thoroughly to be sure they are complete and accurate.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding) by previous principal officers, which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. Local 160 held no bond during the audit year.

Local 160's officers and employees are currently bonded for \$10,000, which is an adequate amount for funds handled during the most recently completed fiscal year ending December 31, 2018.

Other Issues

No Documented Authorization of Disbursements:

During the audit period, previous officers did not hold executive board or membership meetings. Therefore, Local 160 maintained no minutes or other such records of the authorization of the disbursement of funds. This is in violation of the local's constitution which states in Article VII, Section 3, that the executive board should obtain the membership's approval for all expenses. The local's constitution requires under Article XIII, Section 1, that the local holds regular membership meetings.

You gave assurance that Local 160 will hold meetings to approve disbursements and that such approval will be documented in meeting minutes.

I want to extend my personal appreciation to IGUA Local 160 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: IGUA International President Ed Pacheco