



November 21, 2013

Mr. Bradley Thompson, Financial Secretary
GMP Local 235
[REDACTED]

Case Number: 350-3502430 [REDACTED]
LM Number: 062-723

Dear Mr. Thompson:

This office has recently completed an audit of GMP Local 235 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 President Mark Brungs on September 23, 2013, 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 235's records for its fiscal year ending October 31, 2012; revealed the following recordkeeping violations:

1. Missing Records

Local 235 did not maintain all of the bank statements for its checking and savings accounts during the audit period.

Local 235 lacked adequate supporting documentation for its dues income during the audit period. The audit disclosed that Local 235 is on “direct dues” with the GMP International. Therefore, the local’s employer forwards dues checks to the GMP International, which deducts its per capita portions and refunds the remaining amounts to Local 235. The GMP International directly deposits Local 235’s portions to the local’s bank account, and no action is required from the local. However, the local must still retain adequate documentation regarding these deposits. Yet, the local had no records, such as checkoff lists, to itemize which members paid union dues in these direct deposits. Additionally, Local 235 lacked records showing the portions of the employer dues checks retained by the GMP International as per capita, versus the amounts refunded to Local 235.

Local 235 did not maintain adequate documentation for all disbursements made during the audit year. For example, the local disbursed \$2,000 to Kroger in December 2011 to purchase Christmas gift cards for its members. Although, OLMS was advised that Local 235 maintained a list which members signed to acknowledge they had received their gift cards, the local was not able to produce that record during the audit. There were also a few missing vouchers and vendor receipts for other disbursements Local 235 made during the audit year.

2. Lost Wages

Local 235 did not retain adequate documentation for most of the lost wage reimbursement payments it disbursed during the audit year. The union must maintain records, in support of lost wage claims, that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. However, the audit revealed that Local 235’s officers frequently neglected to record, on vouchers they submitted for reimbursement, either the dates or purposes of the lost wages.

During the exit interview, we discussed the fact that the expense voucher used by Local 235 does identify the type of information necessary to properly document lost wages. The problem is that the local’s officers have not been completely filling out the vouchers.

Based on your assurance that Local 235 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 Labor Organization Annual Report Form LM-3 filed by Local 235 for fiscal year ending October 31, 2012 was both delinquent and deficient:

1. Delinquent Report

The Labor Organization Annual Report, Form LM-3, for GMP Local 235's fiscal year ending October 31, 2012 was not filed by the required deadline of January 31, 2013. That report has since been filed and no further action is necessary in that regard.

However, our records indicate that Local 235 has been delinquent in filing its LM-3 reports for each of the past five years. If you are having difficulties with a future LM-3 report, please contact our office as soon as possible, so that we can assist you in filing the report in a timely manner.

2. Failure to File Bylaws

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. Local 235 amended its constitution and bylaws in April 2012, but did not file a copy with its LM-3 report for its fiscal year ending October 31, 2012. Local 235 has now filed a copy of its constitution and bylaws.

Other Issues

Members of Local 235 occasionally pay amounts directly to the union for the purchase of t-shirts. During the audit year, the local recorded these amounts in its ledger, but did not issue receipts to these members. OLMS recommends that Local 235 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union 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.

I want to extend my personal appreciation to GMP Local 235 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: Mr. Mark E. Brungs, President