



December 23, 2016

Mr. David W. Otten, General Chairperson
General Committee of Adjustment 348
6267 Howard Road
Sunbury, OH 43074

Case Number: 350-6006440
LM Number: 540-577

Dear Mr. Otten:

This office has recently completed an audit of General Committee of Adjustment 348 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 November 22, 2016, 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 Violation

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 GCA 348's 2015 records revealed the following recordkeeping violation:

Itemized Expense Receipts

GCA 348 did not retain adequate documentation for office expenses totaling at least \$4,665 in reimbursed expenses for phone, fax, and internet services incurred by you for your home office. For example, only summary pages were provided as documentation for each month's expense

from Verizon and Frontier. Detail of monthly invoices should be maintained in the union's records to substantiate the expense amount.

As 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.

Based on your assurance that GCA 348 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 GCA 348 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Purchase of Union Assets and Maintaining Asset Listing

GCA 348 failed to report correctly the purchase of specific office furniture and equipment totaling at least \$2,315.70, which are used by you in your home office, in Item 52 (Purchase of Investments and Fixed Assets) during the audit year 2015. For example, items purchased included an office rug, printer stand, Verizon power station, tower fan, and an Apple I-Pad with a keyboard, screen protector, and a charger. In addition, shelving and storage units were added to your home office by Closets by Design at an expense of \$846.00.

Unions must maintain an inventory listing of all assets purchased by the union and record the value of the assets in Item 29 (Fixed Assets). Maintaining an inventory listing of all assets is an effective tool of internal controls and ensures the safeguard of the union's funds and assets.

2. Bonding

GCA 348 reported their bonding coverage on the December 31, 2015 Form LM-3 at \$11,253. However, during the audit it was established that the SMART-Transportation Division carries bonding coverage for its subordinate unions of at least \$75,000.00. In the future, please ensure the correct amount of bond coverage is reported in Item 20 on the LM-3 report.

GCA 348 must file an amended Form LM-3 for the fiscal year ended December 31, 2015, to correct the deficient item discussed above. I encourage GCA 348 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 should be filed electronically no later than

January 13, 2017 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to General Committee of Adjustment 348 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,

[REDACTED]

Investigator

cc: [REDACTED], Vice General Chairperson