



March 27, 2017

Mr. Sam Price, Secretary/Treasurer
GCIU- District Joint Council
818 Grand
Scarritt Bldg 6, STE 10
Kansas City, MO 64106-1910

Case Number: 510-6009482
LM Number: 513709

Dear Mr. Price:

This office has recently completed an audit of GCIU- District Joint Council (DJC) 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 March 21, 2017, 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 the DJC's 2015 records revealed the following recordkeeping violations:

1. General Disbursements

The DJC did not retain adequate documentation for disbursements paid to vendors such as Holiday Inn and Hy-Vee totaling at least \$1,266. For example, on May 16, 2015, \$327.83

was paid to Hy-Vee but no receipt or back up documentation was maintained detailing what was purchased and for what purpose.

Also, in October 2015, according to the bank statement \$200 was disbursed from the union's bank account but there is no documentation in the union's records which show who the money was paid to, and for what purpose.

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.

2. Lack of Officer Per Diem Authorization

The DJC did not maintain records to verify that the allowances reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current allowances (such as per diem specifically paid to officers for attending meetings) are authorized by the entity or individual in the union with the authority to establish such allowances.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorizes all disbursements made by the local but you do not have a record of these authorizations. Because all disbursements by the local are voted on and authorized by the membership it is vital to keep an accurate record of these authorizations. These documents verify, clarify, and explain the transactions you report on your LM-3 report and must be maintained.

Based on your assurance that the DJC 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 GCIU-DJC for the fiscal year ended December 31, 2015, was deficient in that:

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. GCIU-DJC has not filed a current copy of its bylaws with OLMS.

As agreed, GCIU-DJC will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than April 15, 2017.

I am not requiring that GCIU-DJC file an amended LM report for 2015 to correct the deficient items, but GCIU-DJC has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Use of Signature Stamp

During the audit, you advised that it is GCIU-DJC's practice for you to sign some union checks and to stamp the signature of President Rick Brotherton on union checks. You indicated that no one but you reviews the checks before they are issued. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that GCIU-DJC review these procedures to improve internal control of union funds.

2. Bank Account Signatory

The audit revealed that GCIU-DJC did not have the union's bank account signatories changed when current Treasurer Sam Price took office. Previous Treasurer [REDACTED] remains as a signatory on the account along with President Rick Brotherton. Although the bank has allowed checks to be cashed with Price's signature it is not advisable to keep those who are no longer officers on the accounts as a signatory as an internal financial control. In addition, because Price is not listed as a signatory on the account, if issues arise with the account he will be able to perform his duties as treasurer.

I want to extend my personal appreciation to GCIU- District Joint Council 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. Rick Brotherton, President