



May 11, 2017

Mr. Dennis D. Wright, Secretary-Treasurer
Ohio State Council of Machinists



Case Number: 350-6009994 [REDACTED]
LM Number: 065708

Dear Mr. Wright:

This office has recently completed an audit of [REDACTED] 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 Dean Wright on April 27, 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 Ohio State Council of Machinists 2016 records revealed the following recordkeeping violation:

Disposition of Property

Ohio State Council of Machinists did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that the state council 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 Ohio State Council of Machinists for the fiscal year ended December 31, 2016, was deficient in that:

1. 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. State council amended its constitution and bylaws in 2015, but did not file a copy with its LM report for that year.

State Council has now filed a copy of its constitution and bylaws.

2. Report of Officers

All officers of Ohio State Council of Machinists must be reported on the LM-3 Labor Organization Annual Report on *Line Item 24. All Officers and Disbursements to Officers* although they do not receive a salary or other disbursements.

LM-3 Report instructions, Line Item 24(A) states, “**Column (A):** Enter in (A) the last name, first name, and middle initial of each person who held office in the labor organization at any time during the reporting period. Include all the labor organization's officers whether or not any salary or other disbursements were made to them or on their behalf by the labor organization.”

3. Lost Wages

The OLMS audit found that Ohio State Council of Machinists (OSCM) entered the lost

time and other expenses for Vice President Mary Ellen Napier on Line *Item 24 (E) – Allowances and Other Disbursements* on the LM-3 report for fiscal year ending December 31, 2016 as opposed to reporting the lost time payment on *Line Item 24(D) – Gross Salary*.

LM-3 Report instructions, Line Item 24(D) states, “**Column (D):** Enter the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for “lost time” or time devoted to union activities.”

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher state council may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

I am not requiring the Ohio State Council of Machinists to file an amended LM report for 2016 to correct the deficient items, but as agreed, your organization will properly report the deficient items on all future reports filed with this agency.

Other Issues

Per Capita Tax

Ohio State Council of Machinists (OSCM) is supposed to receive per capita tax from 25 locals. It was revealed during the audit that not all the locals pay per capita tax as indicated in the council’s bylaws. The bylaws states, “there shall be a local lodge per capita tax payable semiannually (June 15 and December 15) at the rate of .10 per dues paying member per month; and there shall be a local lodge per capita tax payable semiannually (June 15 and December 15) at the rate of .25 per dues paying member per month.” OSCM does not track these payments from locals to ensure that OSCM receives the appropriate per capita payments.

I want to extend my personal appreciation to 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: Dean Wright, President