



March 13, 2019

Mr. Jeffrey Sullivan, Treasurer  
Government Employees Local 2316  
[REDACTED]

Case Number: 140-6014455 [REDACTED]  
LM Number: 503046

Dear Mr. Sullivan:

This office has recently completed an audit of Government Employees Local 2316 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on March 13, 2019, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 2316's 2018 records revealed the following recordkeeping violations:

1. Failure to Maintain Supporting Documentation for Disbursements

Local 2316 made four cash withdrawals totaling \$2,950 during the audit year and failed to maintain withdrawal slips. Also, the union failed to maintain documentation supporting the disbursements of the cash withdrawals, specifically, new member recruitment incentive documentation totaling \$850 and cash holiday gifts totaling \$2,100.

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. Failure to Record Receipts

Local 2316 did not record in its general ledger any of the employer dues checkoff deposits or interest earned totaling at least \$17,895.67. 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.

3. Receipt Dates not Recorded

Local 2316 did not record any of the receipts received during the audit period, therefore, they did not record receipt dates. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

4. Information not Recorded in Meeting Minutes

Article X, Section 5 of the Local 2316 bylaws indicate that the Executive Board shall not disburse any expenditure in excess of \$250 per month without a prior majority vote from the membership. However, \$2,100 was disbursed amongst the membership as a cash holiday gift and the union did not record any meeting minutes to include this approval. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 2316 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Failure to Follow Bylaws

Article VIII, Section 1 of the Local 2316 bylaws states that the elected officers of the union shall consist of a President, Vice President, Secretary, Treasurer, Chief Steward, Sergeant at Arms, and three Trustees; however, the union does not have a Sergeant at Arms or three Trustees.

2. Failure to Follow Bylaws

Article X, Section 1 of the Local 2316 bylaws states that the Executive Board shall consist of the President, Vice President, Treasurer, Secretary, Chief Steward, and Head Trustee; however, the union stated that they do not have an Executive Board.

3. Failure to Follow Bylaws

During the audit, you advised OLMS that the union held one membership meeting during the audit year; however, Article XI of the Local 2316 bylaws state that membership meetings shall be held regularly once a month.

I want to extend my personal appreciation to Government Employees Local 2316 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. Michael Hickey, President