



November 18, 2017

Assignment: Audit of Local 60 financial records

Audit Period: January 1, 2015 – July 31, 2017

SMART-TD Auditor: Justin Fougousse

Summary of Audit Report:

- Member Records have not been properly maintained resulting in \$97,812 due to members owed refunds and \$43,528 in dues, assessments and premiums that have been paid on behalf of members where the monies were not collected from the members. These amounts only reflect the audit period and do not include any variances prior to January 2015.
- The LCA balances changed from the original numbers presented at the commencement of the 3 separate LCAs. The original balances were a result of a checkbook reconciliation. These new balances are a result of adding the member record reconciliation to the audit process. Posting member receipts in turn drives receipt posting to these separate funds.
 - The results of the Member Record Reconciliation adjusted the balances for the LCA funds managed by Local 60's Treasurer at the end of September as follows:

▪ LCA 610 A	\$19,467.88
▪ LCA 610 B	\$22,668.99
▪ LCA 610 C	\$5,856.32
- As a result of the checkbook reconciliation and the member record reconciliation the Local 60 fund is in the negative by at least \$114,011.54 (See attached balance sheet)
- 2015, 2016 and 2017 Federal and State (NJ & PA) tax returns and monthly deposits were filed and/or paid late or not at all. The Local is likely to incur additional penalties and interest once everything is corrected. Due to not receiving all requested documentation from the Local 60 Treasurer necessary to complete this task, an actual dollar amount is not available.
- Local 60 Treasurer's Reports have not been accurate and have not been properly accounted for with the monthly meeting minutes.
- The transition to Direct Receipts exposed that Local 60 had been on current money. \$99,113.80 remains outstanding from the December 2016 billing. The Local is scheduled to begin paying \$2,500 per month in December 2017 to pay down this balance.
- A Bond Claim was filed with Great American Insurance in October 2017 for the maximum amount of \$75,000. This is less than the total amount of outstanding obligations that Local 60 must rectify. The claim is still pending as of today's date. The Local 60 Treasurer of record on the claim will no longer be covered by any future bond.

Moving forward, Local 60 will need to work to put a plan in place to cover all remaining liabilities and to set a course for financial security.