

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigative Office
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May 29, 2007

LM File Number 020-038
Case Number [REDACTED]

Mr. Timothy Thompson, President
Auto Workers Local 349
3990 Miller Trunk Road
Eveleth, MN 55734

Dear Mr. Thompson:

This office has recently completed an audit of UAW Local 349 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 bookkeeper LeAnn Nelson and you on May 11, 2007, 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 Local 349's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 349 did not retain adequate documentation for some reimbursed expenses incurred by Ms. Nelson and former Financial Secretary Curtis Nelson. For example, adequate documentation was not retained for reimbursements to them for monthly internet service.

As previously 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. Meal Expenses

Local 349 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, check number [REDACTED] dated February 1, 2006, to you for \$86.13, includes reimbursement for a meal. The voucher does not identify the names of those present for the meal or the official business purpose. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Reimbursed Auto Expenses

All officers and members who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$2,100 during 2006. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for travel by an officer or employee who was reimbursed for mileage expenses. "Meeting" is not sufficiently descriptive to identify the business purpose of a trip. The information retained in support of reimbursed mileage expenses must be sufficient to enable OLMS to verify that the expenses were necessary for conducting union business. The recordkeeping requirement could be satisfied by recording on the records

retained for mileage expenses the names of individuals present at specific meetings and the specific purpose of each trip.

4. Failure to Maintain Voided Checks

UAW Local 349 did not keep voided checks. As previously noted above, Section 206 of the LMRDA requires that all records be maintained for at least five years.

Based on your assurance that Local 349 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 Local 349 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Item 24 (All Officers and Employees)

Local 349 did not include some reimbursements to you and former Financial Secretary Curtis Nelson in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 349 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

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2. Item 46 (Disbursements to Employees)

Local 349 did not include some reimbursements to employees or members for general office supplies in Item 46 (Disbursements to Employees). It appears that the local erroneously reported these payments in Item 48 (Office and Administrative Expense).

The LM-3 instructions for Item 46 require that you include in that item the total of all salaries, allowances, travel advances, and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc.) to employees of your organizations.

3. Item 54 (Other Disbursements)

Local 349 failed to include the full amount of withholding taxes in Item 54. Disbursements for these taxes appear to have been erroneously included in the amount reported in Item 48 (Office and Administrative Expense). The LM-3 instructions require that you report in Item 54 all items not reported in Items 45 through 53, including withholding taxes.

I am not requiring that Local 349 file an amended LM-3 report for 2006 to correct the deficient items, but Local 349 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to UAW Local 349 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: Robert Motherway, Financial Secretary