

U.S. Department of Labor
Cleveland District Office

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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FEB 24 2005

Richard C. Dial, Sr., Financial Secretary
Auto Workers AFL-CIO
Local 573

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Re: C... 2

Dear Mr. Dial:

This office has recently completed an audit of UAW Local 573 under the Compliance Audit Program (CAP), in order to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As we discussed during and since the exit interview on 12/3/04, the following problems were disclosed during the CAP. Please note that, since the audit conducted was limited in its scope, the below findings may not constitute an exhaustive list of all existing or potential problem areas.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained.

The CAP revealed the following recordkeeping deficiencies for the 2003 reporting period:

Although your local generally maintained adequate documentation for expenses incurred by its officers, for certain disbursements, adequate supporting documentation was not found. For example, a 12/23/03 check for \$345.80 issued to Blasiolo's Pizza was not supported with any receipt(s), and the voucher associated with this disbursement was missing the approving official's signature. Also, some cash advances issued to local officers were not supported by adequate documentation. For example, a 5/7/03 check which included a \$100.00 cash advance, purportedly for refreshments at a union meeting, was not supported with receipt(s). Occasionally, vouchers submitted by individuals for reimbursement of expenses were missing certain required signatures. The instructions contained on the local's vouchers require the signatures of claimant, authorizing official(s), and approving official(s). In addition, Executive Board meeting minutes were available for only six of the twelve monthly meetings (i.e., missing February, April, May, July, August, and December minutes), and General Membership meeting minutes were available for only three of the four quarterly meetings occurring during the audit year (i.e., missing December minutes). Since you agreed that Local 573 will maintain adequate documentation concerning all future disbursements and improve its recordkeeping practices concerning Executive Board and General Membership meeting minutes, no additional enforcement action will be taken regarding the abovementioned violations.

The CAP also disclosed several violations of LMRDA section 201(b), as the Labor Organization Annual Report (LM-3) filed by your local for the fiscal year ending 12/31/03 was deficient in the following areas:

On the LM-3 report, Item 13 should have been answered "Yes" instead of "No," as your local gave away to its members at least \$1,224.95 in merchandise, including t-shirts (\$326.13) and watches (\$898.82). The type and value of any property received or given away must be identified in the additional information section of the LM-3 report (Item 56 on first page) with the identity of recipient(s) or donor(s) of such property. Your union must retain records which adequately account for all property that is purchased, sold, and/or given away. For assets that were traded in, the cost, book value, and trade-in allowance must also be reported. Funds transferred from one account to another are not to be reported as either receipts or disbursements of your organization. Items 43, 44, 54, and 55 of your LM-3 report for FY 2003 were overstated, because \$25,105 in funds that had been transferred from the local's CD accounts to its new savings account were misreported in both receipts and disbursements categories. Therefore, the local's annual receipts were overstated by \$50,210 and its annual disbursements were overstated by \$25,105. During the exit interview, you were advised to prepare and forward to this office an Amended LM-3 report for FY 2003. This office has since received your Amended LM-3 report, which corrected the cited discrepancies. Therefore, at this time, no further action is being considered regarding this matter.

The CAP also disclosed a violation of LMRDA section 201(a), as your local had updated its bylaws during or prior to the audit period, but did not forward the updated bylaws with your submitted Form LM-3. You provided a copy of your recently amended bylaws during the course of the audit, and agreed that future revisions to your constitution and/or bylaws would be filed with this office in accordance with the requirements of the LMRDA. Also, this office received a copy of your UAW International Constitution dated June 2002 with your submitted Amended LM-3 report. Therefore, at this time, no further action is being considered regarding this matter.

I strongly recommend that you share with other officers of Local 573 this letter, as well as the compliance assistance materials provided to you during the course of the audit, and that you pass this important information on to successor(s) at whatever time you may leave office. I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

cc: David Stalnaker, President