

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
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September 18, 2006

Donna Kinney, Financial Secretary
Auto Workers, AFL-CIO
Local Union 1416
204 Ross Avenue
Buffalo, NY 14207

Re: Case Number: XXXXXXXXXX

Dear Ms. Kinney:

This office has recently completed an audit of 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 on September 7, 2006, 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.

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. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 1416's 2005 records revealed the following recordkeeping violations:

- There were no meeting minutes recorded or retained for several months in 2004 and also meetings held in April and September of 2005.
- Bank statements for the certificate of deposit were not retained for the entire year. Statements for January 2005 through July 2005 were missing.

- Several disbursements to Lipsitz & Green, Attorneys at Law, were not accompanied by a bill or invoice.
- Although a voucher was completed for each disbursement by the union, several vouchers were insufficiently completed or contained errors. For example, voucher [REDACTED] lists the wrong check number on the voucher.

As agreed, provided that Local 1416 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

During the audit, I advised you that there were several situations in which Local 1416 was not properly following the local bylaws. The per diem rates disbursed to officers do not match the per diem allowed as outlined in the bylaws. Although you explained that these rates may be directed by CAP Council for proper reimbursement, I suggest that these amounts be documented in the bylaws or some other internal document. Also, the monies disbursed to officers for travel do not agree with the amounts outlined in the local's bylaws. Again, I recommend that the local authorize the amounts for travel and document them in the bylaws or record them in the meeting minutes.

I strongly recommend that signatories on the union's bank accounts be updated as soon as possible after a change in a signatory officer. Also, it is important for the union's monthly meeting minutes be written with sufficient detail. I suggest that the meeting minutes be written with as much explanation as possible to prevent any unnecessary confusion.

As discussed, although it is reported on the LM-3 report for fiscal year ending December 31, 2005 that Local 1416 is currently bonded for \$10,000, proof of bonding was not obtained during the audit. Please provide proof of bonding coverage to this office within 30 days of the date of this letter.

I want to extend my personal appreciation to you 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,

[REDACTED]

Investigator