

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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August 12, 2009

Ms. Cynthia Farnum, Financial Secretary
UAW Local 1896
3102 Rockingham Road
Davenport, IA 52802

LM File Number 507-368
Case Number: [REDACTED]

Dear Ms. Farnum:

This office has recently completed an audit of UAW Local 1896 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 and President Paul Regginello on July 10, 2009, 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 1896's 2008 records revealed the following recordkeeping violations:

1. Inadequate Backup Documentation for Disbursements

Local 1896 did not retain adequate documentation for disbursements totaling at least \$1,050. For example, Check Number [REDACTED] was written on July 24, 2008 in the amount of \$342.16 to purchase food for a picnic; however, a receipt for this purchase was not retained by the local.

As previously noted, 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. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. 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 business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lost Wages

Local 1896 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees on at least fifteen occasions. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found

that Local 1896 maintained expense vouchers for all lost time payments; however, in many instances all required information was not included on the voucher.

4. Disposition of Property

Local 1896 did not maintain an inventory of t-shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union t-shirts and other items.

5. Lack of Meeting Minutes

Article VIII, Section 5 of Local 1896's bylaws states that the executive board has the authority to make legal disbursements from local union funds. However, Local 1896 maintained no executive board meeting minutes for the months of February, March, April, June, July, August, September, and December 2008 to verify approval of disbursements for those months. Minutes of all membership or executive board meetings must be maintained and report any disbursement authorizations made at those meetings.

6. Lack of Salary and Allowance Authorization

Local 1896 did not maintain records to verify that the salaries and allowances reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary and allowances authorized by the entity or individual in the union with the authority to establish salaries and allowances.

Based on your assurance that Local 1896 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 1896 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Cash Reconciliation

Local 1896 failed to include the end of year balance for the savings account in Item 25(B), therefore causing the reconciliation of the LM report to be off by \$500. Items 25(A) and (B) must contain all of your organization's cash on hand and on deposit at the start and end of the reporting period.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 1896 amended its constitution and bylaws in 2003, but did not file a copy with its LM report for that year. Local 1896 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1896 file an amended LM report for 2008 to correct the deficient items, but Local 1896 has agreed to properly report the deficient items on all future reports it files with OLMS.

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,



Investigator

Ms. Cynthia Farnum
August 12, 2009
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cc: Paul Regginello, President