

**U.S. Department of Labor**

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June 22, 2006

Mr. Jim Brown, Financial Secretary  
United Auto Workers  
Local 435  
3404 Old Capitol Trail  
Wilmington, DE 19808

Re: Case Number: **████████████████████**

Dear Mr. Brown:

This office has recently completed an audit of UAW, Local 435 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 David Myers on June 21, 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.

**Record Keeping Violations**

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 5 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 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

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 435's 2005 records revealed the following recordkeeping violations:

1. Union officers failed to maintain adequate documentation for reimbursed expenses and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

Specifically, two airline invoices for flights taken in July of 2005 and one hotel receipt from April of 2005 were not attached to the corresponding vouchers. In addition, an invoice for the purchase of 38 retiree watches from Harris Jewelers was not maintained. Finally, the meal receipt attached to voucher 8429 does not show the restaurant name and location or the names of the individuals present for the meal.

2. Some checks that were voided and not issued were not retained. The voided checks that were not maintained were payroll checks [REDACTED]. You explained during the Exit Interview that the company that issues the payroll checks voided [REDACTED] and did not send the voided checks to the local. Should that happen again in the future, a written explanation should be included in the union's records.
3. Lost time vouchers were missing for [REDACTED].
4. Cancelled payroll check [REDACTED] was not retained.
5. Union officers failed to record the hourly rate on lost wage claims. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages. Local 435 currently uses a voucher that identifies the type of information and documentation that must be maintained for lost wages and other officer expenses; however, the local neglected to record the hourly rate on each lost time voucher.

As agreed, provided that Local 435 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

### **Recommendations**

I strongly urge Local 435 to clearly identify particular approved expenses in the local's meeting minutes. Specifically, when donations are approved by the membership, if possible, state the exact amount of the approved donation instead of saying that the donation will be the same as previous donations to a particular organization. Also, when the membership approves travel for conferences and meetings, state the number of people the union is approving for travel and, if known, the names of those who will be traveling.

I want to extend my personal appreciation to UAW, Local 435 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,

Pete Papinchak  
District Director

cc: David Myers, President