



April 13, 2016

Mr. Fred Jones, President  
United Autoworkers Local 856  
1155 George Washington Blvd.  
Akron, OH 44312-3005

Case Number: 350-6006409  
LM Number: 009-429

Dear Mr. Jones:

This office has recently completed an audit of United Autoworkers Local 856 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 Financial Secretary-Treasurer Jerry L. Kitchen on March 29, 2016, 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 856's 2015 records revealed the following recordkeeping violations:

1. Maintaining Union Hall Rental Records

Local 856 failed to maintain adequate hall rental documentation for at least one rental in January 2015. While there was a record of a payment being received, there was no corresponding rental agreement available for review.

Rental agreements should be maintained to disclose the renting party, terms of the rental, and the fee charged/deposits made for the rental.

2. Maintaining Asset Listing

Local 856 failed to maintain a detailed asset listing of fixed assets, including office furniture and computer equipment, in addition to the union's building.

Unions must maintain an inventory listing of all assets purchased by the union and record the value of the assets in Item 29 (Fixed Assets). Maintaining an inventory listing of all assets is an effective tool of internal controls and ensures the safeguard of the union's funds and assets.

Based on your assurance that Local 856 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 856 amended its bylaws in 2010, but did not file a copy with its LM report for that year.

Local 856 has now filed a copy of its bylaws.

Other Issues

Union Hall Rentals

During the audit, I discussed recommendations with Trustee Steven Sills concerning the union hall rental agreements. I noted that all of the rental agreements did not have complete names and addresses of the parties renting the union's hall, and only a few of the agreements had contact phone numbers listed. I recommended to Mr. Sills that all of the rental agreements include the names, address, and a contact number of the parties renting the union hall.

Additionally, Mr. Sills stated he often accepts cash for payment for the hall rentals in addition to accepting checks. OLMS strongly recommends the local only accept checks as payment from

the parties renting the union hall as a way to improve and maintain effective internal financial controls. Accepting checks instead of cash for the hall rentals provides a better paper trail to document how much and when funds were received for the hall rentals.

I want to extend my personal appreciation to United Autoworkers Local 856 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: Mr. Jerry L. Kitchen, Financial Secretary-Treasurer