



July 5, 2012

Mr. Francis D. Blank, President
United Autoworkers Local 1834
[REDACTED]

Case Number: [REDACTED]
LM Number: 071-019

Dear Mr. Blank:

This office has recently completed an audit of United Autoworkers Local 1834 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 Cindy Blank on March 22, 2012, 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 1834's 2011 records revealed the following recordkeeping violations:

1. Disbursements Documentation

Local 1834 did not retain adequate documentation for charity donations totaling at least \$4,400.00 made during the audit year December 31, 2011. For example, no receipt of payment documentation was available for donations made to the March of Dimes, St. Jude, Country Neighbor Food Pantry Program, and the Messiah Lutheran Church.

As previously noted above, 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. Meal Expenses

Local 241 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, disbursements for the Leadership Meeting lunch did not include any names of officers or employees in attendance. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Information not Recorded in Meeting Minutes

During the audit, Financial Secretary Cindy Blank advised OLMS that during the summer picnic in July 2011, the executive board authorized a \$50.00 donation to the Conneaut Democrat Central Committee Steak Fry, and in December 2011 at the annual bowling party, approved disbursements for officers to attend a Financial Officers Conference in Atlanta, GA. However, Local 1834 maintained no minutes of those meetings. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1834 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 1834 on February 23, 2012 for fiscal year ending December 31, 2011, was deficient in the following area:

Disbursements to Officers

Local 1834 failed to properly record the officers' monthly salaries correctly in Item 24, Column D – Gross Salary (before taxes and other deductions) totaling at least \$6,720.00. The officers' salaries were incorrectly recorded in Item 24, Column E – Allowances and Other Disbursements.

The Form LM-3 instructions for Item 24 – All Officers and Disbursements to Officers state "Column (D): Enter the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for "lost time" or time devoted to union

activities.” Additionally, the instructions state “Column (E): Enter the total of all other direct and indirect disbursements to each officer other than salary.”

I am not requiring Local 1834 file an amended LM report for 2011 to correct the deficient item, but Local 1834 has agreed to properly report the deficient item correctly on all future reports filed with OLMS.

Other Issues

Check Signatures

The audit revealed that on at least eleven occasions, Local 1834’s disbursement checks did not have proper signatures. Four of Local 1834’s checks were disbursed without your required signature, while the remaining checks had a different signature than that of your own. During the audit, Financial Secretary Cindy Blank stated she had actually signed your signature out of convenience because you were not immediately available to do so. OLMS strongly advises against this practice.

The two officer signature requirement is an effective internal control of union funds because its purpose is to attest to the authenticity of a completed document. OLMS recommends that Local 1834 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to United Autoworkers Local 1834 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: Cindy Blank, Financial Secretary