



January 30, 2012

Ms. Betty Tiede, Financial Secretary  
UAW Local 604

Case Number: [REDACTED]  
LM Number: 013932

Dear Ms. Tiede:

This office has recently completed an audit of UAW Local 604 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, President Linda Pierce, Recording Secretary Cindy McDonald on January 30, 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 604's 2010 records revealed the following recordkeeping violation:

1. Meeting Minutes Not Retained

Local 604 failed to maintain meeting minutes for the 2010 year. Minutes of all membership or executive board meetings must report any disbursement authorizations

made at those meetings and must be retained for a period of five years in accordance to the law.

## 2. General Reimbursed Expenses

Local 604 did not retain adequate documentation for reimbursed expenses. For example, some vouchers were lacking information that explained the purpose of the disbursement or lacked signatures of officers, as required.

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.

Based on your assurance that Local 604 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 604 for fiscal year ending December 31, 2010 was deficient in the following areas:

#### 1. Disbursements to Officers

Local 604 erroneously reported allowances paid to officer in Item 24 (All Officers and Disbursements to Officers) Column D (Gross Salary) rather than in Column E (Allowances and Other Disbursements).

The union must report most allowances to Local 604 officers and some indirect disbursements made on behalf of its officers in Item 24, Column E. "Allowances and Other Disbursements" include allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly or other periodic basis. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Cash Reconciliation

The LM-3 report requires that form must be prepared using the cash method of accounting. Under the cash method of accounting, receipts are recorded when money is actually received by the union. Local 604 received and deposited their December 2009 dues check in January 2010. This amount should have been reflected on the 2010 LM-3 report, rather than the 2009 LM report.

I am not requiring that Local 604 file an amended LM report for 2010 to correct the deficient items, but Local 604 has agreed to properly report the deficient items on all future reports it files with OLMS.

3. 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 604 amended its constitution and bylaws in 1999, but did not file a copy with its LM report for that year.

Local 604 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to UAW Local 604 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: President Linda Pierce