



July 30, 2018

Ms. Dana Davidson, Financial Secretary  
United Auto Workers Local 249  
8040 NE Highway 69  
Pleasant Valley, MO 64068-8928

Case Number: 510-6013119  
LM Number: 039003

Dear Ms. Davidson:

This office has recently completed an audit of United Auto Workers Local 249 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 Jason Starr on July 19, 2018, 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 249's 2017 records revealed the following recordkeeping violations:

#### 1. Meal Expenses

Local 249 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$4,300. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the

recordkeeping requirement of LMRDA Section 206. Also, 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. We discussed this during the exit interview and you agreed to maintain these records in the future.

2. Disposition of Property

Local 249 did not maintain adequate documentation of items given away during the audit period. Throughout the audit period the local gave away items such as watches and turkeys. The union also held raffles for items such as a shotgun worth \$600. In the case of items given away (or raffled off) to members, the union must retain records that identify the date the items were given away and the recipients of those items. We discussed this during the exit interview and you agreed to maintain these records in the future.

3. Petty Cash

Although Local 249 does not technically have a petty cash fund, the cash on hand received throughout the month from various t-shirt sales and dues payments are utilized as a de facto petty cash fund. If the union chooses to continue with a petty cash fund, adequate records must be maintained. Records reflecting all money taken out of the petty cash fund should include the date of the transaction, the amount of the transaction, who a payment was made to, and any invoices, receipts, or other documentation to support the transaction. Also include in the records how and when the fund is replenished. We discussed this during the exit interview and you agreed to maintain these records in the future.

4. Book Records

Local 249 did not maintain accurate book balances for one of its savings accounts for the audit year. Unions should keep a record of its book balances as reconciled with the bank statements. The LM-2 instructions for Statement A (Assets and Liabilities) state that checking and/or savings account balances reported should be obtained from your organization's book balances as reconciled with the balances shown on bank statements. We discussed this during the exit interview and you agreed to maintain these records in the future.

5. Gate Collection Record

During the audit period the union collected more than \$20,000 in gate collections. Although one receipt is written for the amounts collected, more detailed records and better controls need to be implemented. Due to the nature of the gate collections it would be unmanageable to provide a receipt for every single donation, however, more accountability for monies received is needed. During the exit interview we discussed options such as having the person holding each collection bucket be assigned to a specific bucket that they must maintain possession of from the time they check it out to when the proceeds are

counted at the union office. You agreed to implement better controls and recordkeeping procedures for the gate collections.

Based on your assurance that Local 249 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-2) filed by Local 249 for the fiscal year ended December 31, 2017, was deficient in that:

#### Disposition of Property

Although the union did list some information regarding the items given away or donated throughout the audit period on the LM-2 report it was not sufficient. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.”

I am not requiring that Local 249 file an amended LM report for 2017 to correct the deficient item, but Local 249 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### 1. Salary

The salary determination for Local 249’s secretary/treasurer as described in the local’s current constitution and bylaws is not being followed. Although it is approved for the union’s secretary/treasurer to be paid according to the position they held with the employer under the collective bargaining agreement prior to entering office this is not what is described in the constitution. An accurate written policy should be voted on and adopted by the membership to avoid issues in the future.

#### 2. Travel Reimbursements

Local 249 also needs to keep better records of reimbursements paid back to the union for items such as spouse travel expenses. These records will help to ensure that all officers or those traveling at the union’s expense have repaid all money owed to the union if they

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choose to have the union purchase airfare for spouses and/or other non-union people that may accompany them on a trip.

I want to extend my personal appreciation to United Auto Workers Local 249 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. Jason Starr, President