



September 30, 2020

Mr. Sandy S. McCallister, President
Auto Workers AFL-CIO Local 5286
112 West Trade St.
Dallas, NC 28034

Case Number: 410-6018039
LM Number: 542939

Dear Mr. McCallister:

This office has recently completed an audit of Auto Workers AFL-CIO Local 5286 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 Financial Secretary Treasurer Tammy Pauley on September 29, 2020, 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 5286's 2019 records revealed the following recordkeeping violations:

General Reimbursements and Direct Disbursements

Local 5286 did not retain adequate documentation for reimbursed expenses incurred by Shop Chair Kenneth Dellinger totaling at least \$781.17. For example, vouchers and check stubs reveal that Dellinger received reimbursement for hotel and airfare expenses on three separate occasions;

however, there was no supporting documentation such a receipt or invoice for the reimbursed expense.

Local 5286 did not retain adequate documentation for direct disbursements for airfare, hotels, lost time reimbursements to Daimler, conference registration fees, and charitable donations totaling at least \$59,450.00. For example, vouchers and check stubs reveal that Local 5286 made several charitable donations, but failed to obtain a receipt or letter verifying that the donation was received. Additionally, Local 5286 used the Visa debit card to purchase airline tickets and pay hotel expenses, but did not maintain itemized receipts or invoices regarding the airline tickets or hotel charges.

As 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 5286 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 5286 for the fiscal year ended December 31, 2019, was deficient in that:

Disbursements to Officers and Employees (LM-2)

Local 5286 did not include some indirect disbursements made for business expenses incurred while conduction union business using the Visa debit card totaling at least \$1,695.90 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 5286 file an amended LM report for 2019 to correct the deficient items, but Local 5286 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Auto Workers AFL-CIO Local 5286 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,

A solid black rectangular box redacting the signature of the sender.

Senior Investigator

cc: Ms. Tammy Pauley, Financial Secretary Treasurer