



March 20, 2019

Ms. Yvonne Vincent, President
Auto Workers, AFL-CIO, Local 1753
3204 W Saint Joseph Street
Lansing, MI 48917

Case Number: 320-6014790
LM Number: 068594

Dear Ms. Vincent:

This office has recently completed an audit of Auto Workers, AFL-CIO, Local 1753 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 Nancy Munchbach on February 19, 2019, 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 Violation

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 1753's 2017 records revealed the following recordkeeping violation:

Meal Expenses

Local 1753's records of meal expenses did not always include written explanations of the union business conducted or the name and titles of the persons incurring the restaurant charges. For example, you charged a \$40.26 meal at Cottage Inn Pizza on November 30, 2017. An itemized receipt was maintained for the meal expense, but the receipt did not include the full names and titles of those present for the meal. Union records of meal expenses must include written

explanations of the union business conducted and the full names of 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. 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 1753 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Other Issue

Lost Wages Disbursed to Officers/Members in Conflict with Lost Wage Policy

During the opening interview, you advised that Local 1753 compensates officers and members who miss work for conducting official union business and that they are only entitled to claim lost wages from the local for time and wages actually lost from the employer. In addition, you stated that lost wages are paid at the member's normal hourly rate, must be approved in advance by the president, and cannot be paid while a member is on employer paid leave. The lost wage policy can be found in Article X, Section 1 of the union's bylaws. The audit revealed that at least \$684.21 was paid to several officers and members for periods of time that they were also receiving pay from their employer, which appears to violate the union's lost wage policy.

During the exit interview, you stated Local 1753 was unaware of any improper lost wage payments and would consider requesting reimbursements for the lost wages that were overpaid. OLMS recommends that unions: (1) adopt a clear policy on lost wages; (2) establish what documentation is needed for an official to be reimbursed; and (3) establish a procedure that provides for review and approval of lost wage claims. A careful review of lost wage claims as this can help ensure adequate internal controls and safeguard union assets. You agreed to strengthen the local's reimbursement process for the approval of lost wage claims. Further, if the executive board or membership determine that the officers and members are required to repay the \$684.21, then I would appreciate if you would provide evidence of those payments to me.

I want to extend my personal appreciation to Auto Workers, AFL-CIO, Local 1753 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Ms. Nancy Munchbach, Financial Secretary Treasurer