

December 28, 2004

Mr. Randall Bland, President
Auto Workers AFL-CIO
Local 710
3943 North Oak Trafficway
Kansas City, Missouri 64116

Dear Mr. Bland:

This office has recently completed an audit of United Auto Workers, Local 710 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, as Amended (LMRDA). As discussed during the exit interview with you and Karen Sutton on December 10, 2004, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Local 710's 2003 records:

Adequate documentation was not retained for some purchases and expenses of the union. Three instances of this sort included lack of documentation for Rick Klingenberg's insurance payment, no documentation for a monthly audit charge, and no documentation for a dinner receipt for retirees at the "New Dinner Theatre".

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the receipts of the goods or services.

In most instances, this documentation requirement can be most easily satisfied with a sufficient descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

As agreed, provided that Local 710 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

As discussed in the closing interview, it is suggested that base amounts of salaries be included at least once a year in meeting minutes along with any applicable raises. This practice ensures that some record exists of membership knowledge and approval in such areas. It is also suggested that quarterly bonuses for Karen Sutton also be included in minutes as a matter of consistency; the Christmas bonus was always mentioned in the minutes but any mention of the other bonuses was absent.

I want to extend my person appreciate for you and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please call me.

Sincerely,

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Investigator

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