

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 4, 2008

Ms. Sherida Oshasky, President
UAW Local 2020
5275 Birch Road
Rudolph, WI 54475

LM File Number: 511-471
Case Number: [REDACTED]

Dear Ms. Oshasky:

This office has recently completed an audit of UAW Local 2020 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 Elaine Cyan on November 20, 2008, 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 2020's 2007 records revealed the following recordkeeping violations:

1. Receipt Sources Not Identified

During the audit year, Local 2020 collected more than \$300 from the sale of shirts. The source of the receipts for these sales is identified in union records as "t-shirt sales." Similarly, the local also collected more than \$350 from the sale of V-CAP tickets. The source of these receipts is identified as "V-CAP ticket sales" in union receipt records.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Cellular Phone Bills

During the opening interview with you and Ms. Cyan on August 8, 2008, you stated that Local 2020 pays for your entire personal cell phone bill. The audit revealed that two payments were made to you totaling \$436.08 for reimbursement for your cell phone bill; however the only documentation that was retained in the local's records was the summary page of each cell phone bill.

If Local 2020 pays for any business calls made from an individual's personal cell phone, or pays the entire cell phone bill, either as a direct payment to the cellular phone company or as a reimbursement to the individual, Local 2020 must retain the original phone bill in its entirety.

3. Per Diem Payments

Article X of the Local 2020 by-laws provides that when traveling to conduct union business, representatives performing duties on behalf of the local shall receive an expense allowance (per diem) of \$40 per day when meals are not included by the hosting agency or organization and an allowance of \$10 per day when meals are included. The vouchers maintained by the union do not identify the specific dates and amounts claimed for each date. Instead, the vouchers only identify the total per diem claimed.

Additional records need to be maintained that identify the per diem rate received for each date of travel to ensure that the payment is in an amount that is authorized and is consistent with the by-law provision and does not include additional payment for other expenses.

4. General Disbursement Records

The audit revealed that Local 2020 failed to retain adequate documentation for over \$7,000 of disbursements to vendors during the audit year, including: 1) at least \$5,000 in payments to several vendors for lodging, 2) \$520.18 payment to Enterprise Car Rental, 3) at least \$1,000 in payments to the VFW in Plover, 4) \$100 payment to Multiple Sclerosis Foundation, 5) \$325 payment to Roberts Custom Software, and 6) \$135 payment to Pizza Hut.

As mentioned earlier, adequate records must be kept for at least five years so that each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. For disbursements this includes, among other things, original bills, invoices, and receipts.

Based on your assurance that Local 2020 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 2020 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Cash Reconciliation

The cash figures reported by Local 2020 for the reporting period do not balance (reconcile). Specifically, cash at the start of the reporting period (Item 25 (A)) plus total receipts (Item 44) minus total disbursements (Item 55) does not equal the cash at the end of the reporting period (Item 25(B)). Either one or more of the reported figures in these items is inaccurate or the cash shortage must be explained in Item 56.

2. Fixed Assets

Item 29 (A) (Fixed assets at the start of the reporting period) contains a reported value of \$0. Local 2020 reported \$11,337 in Item 29 (B) (Fixed assets at the end of the reporting period), however the local reported no disbursements for the purchase of investments or fixed assets in Item 52 (Purchase of investments and fixed assets). Furthermore, Local 2020 reported \$11,337 in Item 29(B) on the LM-3 report filed for fiscal year ending December 31, 2006. Local 2020 provided no additional information in Item 56 (Additional Information) to explain the difference. The amount reported in Item 29(B) of one report must also be reported in 29(A) of the report filed the following year. Any difference must be explained in Item 56.

3. Other Assets

Item 30 (A) (Other assets at the start of the reporting period) contains a reported value of \$0. Local 2020 reported \$1,000 in Item 30 (B) (Other assets at the end of the reporting period). Local 2020 reported \$1,000 in Item 30(B) on the LM-3 report filed for fiscal year ending December 31, 2006. Local 2020 provided no additional information in Item 56 (Additional Information) to explain the difference. The amount reported in item 30(B) of one report must also be reported in 30(A) of the report filed the following year. Any difference must be explained in Item 56.

4. Disbursements to Officers

The audit revealed that Local 2020 made disbursements to officers totaling at least \$7,600 during the 2007 fiscal year but reported disbursements totaling only \$5,500 in Item 24 (All Officers and Payments to Officers). It appears these payments were erroneously reported in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 2020 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. 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).

5. Acquire/ Dispose of Property

During the audit year, Local 2020 gave away t-shirts, sweatshirts, jackets, and mugs valued at over \$500. Although Item 13 was correctly answered yes, the information supplied in Item 56 (additional information) was not adequate because it does not include all of the items that were given away during the year, nor does the information include the value of the items that were given away.

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."

6. Failure to File By-laws

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 2020 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

As agreed, Local 2020 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than December 26, 2008.

Local 2020 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than December 26, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Retention of Meeting Minutes

The audit revealed that meeting minutes for the months of July 2005 through October of 2005 were not among the records provided to OLMS at the opening interview. Article VII, Section 3 of the UAW Local 2020 by-laws requires that any payment made by the local in an amount over \$200 (with the exception of ordinary bills) be approved by the membership. A review of the membership meeting minutes for the period January 2004 through December 2007 revealed that disbursements are authorized at membership meeting and the minutes are documentation of those authorizations.

In those cases where union policies require that certain financial matter be authorized by the membership or executive board and such authorization is generally noted in meeting minutes, the meeting minutes must be retained for a period of five years.

I want to extend my personal appreciation to UAW Local 2020 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: Elaine Cyan, Financial Secretary
Lynn Britz, Vice President
Annette Hogan, Trustee