



April 19, 2012

Mr. Randall Bland, President  
Auto Workers Local 710  
3843 N. Oak Traffic Way  
Kansas City, MO 64116

Case Number: [REDACTED]  
LM Number: 037853

Dear Mr. Bland:

This office has recently completed an audit of 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 (LMRDA). As discussed during the exit interview with you, Vice President Rick Klingenberg, and Bookkeeper Karen Sutton on April 13, 2012, 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 710's 2011 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 710's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Lack of Salary Authorization

Local 710 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 710 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Vice President Salary

As I discussed during the exit interview with you, the audit revealed that Local 710 is paying the vice president approximately \$.20 per hour more than he should be paid. Local bylaws state that the local vice president should receive a salary 3% less than the local president. You informed me that this was an accounting error and that you would address this issue during the local's next membership meeting to determine how the membership wants to handle the repayment of this error.

2. Officer Benefits

As I discussed during the exit interview with you, the audit revealed that Local 710 pays medical and dental benefits for both full time officers of the local and their spouses. As the language in the bylaws is not specific to this issue, the local has agreed to create a more formalized benefits package, describing officer benefits in detail.

I want to extend my personal appreciation to Auto Workers Local 710 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. Rick Klingenberg, Vice President