

U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
Los Angeles District Office  
915 Wilshire Blvd., Suite 910  
Los Angeles, CA 90017  
(213) 5346405 / FAX: (213) 534-6413



September 16, 2005

Lorraine Sablan, President  
Auto Workers, Local 506  
2266 San Diego Ave.  
San Diego, CA 92110

Re: 2

Dear Ms. Sablan:

This office has recently completed an audit of Auto Workers Local 506 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 Financial Secretary Avery and Office Manager Doyle on September 15, 2005, 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 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 recordkeeping violations were revealed during the audit of Local 506's 2003 records:

1. Union officers failed to retain adequate documentation for reimbursed expenses in a few instances. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

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 recipients of the goods or services. In most instances, this documentation

requirement can be most easily satisfied with a sufficiently 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 506 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

2. Adequate documentation was not retained for executive and/or membership meeting minutes in several cases. Meeting minutes should be recorded, particularly where financial transactions are authorized. Documentation should also reflect where no meeting was held due to failure to have a quorum.

- I want to extend my personal appreciation to you and your staff for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC

Investigator

cc: John Avery, Financial Secretary