

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New York District Office
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November 3, 2005

Mr. James Rogers
President
Auto Workers, Local 2325
568 Broadway, Room 702A
New York, NY 10012

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Dear Mr. Rogers:

This office has recently completed an audit of Auto Workers Local 2325 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 Mr. Albro on October 31, 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.

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 2325's 2004 records:

Union officers failed to retain adequate documentation for expenses charged to union debit cards and for the president's mobile phone. 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 debit 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.

During the audit, you advised that it is Local 2325's practice that Mr. Albro sign all union checks. Mr. Albro primarily reviews all disbursements. OLMS recommends that the president and treasurer sign all checks. The second signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. You may want to revise this aspect of your check disbursement procedures.

I strongly urge Local 2325 to adopt clear guidelines regarding what types of expenses officers may charge with union debit cards. Adequate documentation must be maintained for debit card usage. I suggest that Local 2325 take steps to pre-authorize debit card withdrawal amounts by discussing them at executive board meetings and recording them in meeting minutes or some other internal document.

I strongly recommend that you make sure that this letter is passed on to yours and Mr. Albro's successors at whatever time you may leave office.

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

Sincerely,

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Investigator