

U.S. Department of Labor

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Office of Labor-Management Standards
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February 18, 2009

Mrs. Catherine Valentino, Financial Secretary
Auto Workers, AFL-CIO
Local Union 2300
110 N. Geneva Street
Ithaca, NY 14850

LM File Number: 514-445

Case Number: [REDACTED]

Dear Mrs. Valentino:

This office has recently completed an audit of Auto Workers Local 2300 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 Office Manager Carl Feuer, President Terry Sharpe, and yourself on February 12, 2009, 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 UAW Local 2300's records for fiscal year ending December 31, 2008 revealed the following recordkeeping violations:

1. General Disbursements

Local 2300 did not retain adequate documentation for reimbursed expenses incurred by President Terry Sharpe totaling at least \$1,320.87. For example, the union did maintain receipts for two rental car purchases throughout the period and gas associated with those vehicles. In addition, the union did not maintain sufficient documentation to support a disbursement to League of Women Voters for \$62.50 and Pizza Aroma for \$35.10.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 2300 did not retain itemized receipts for meal expenses totaling at least \$86.49. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Union records of meal expenses must include not only the itemized receipt but also written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Almost all of the union's meal expenses failed to include adequate documentation for the expense. For example, there were no names or explanations for the union business conducted for meals purchased at Shortstop Deli on three separate occasions totaling at least \$228.94.

3. Reimbursed Auto Expenses

President Terry Sharpe, Peer Counselor Harry Evans, and Benefits Specialist Leslie Finch who received reimbursement for union use of their personal vehicles did not retain adequate documentation to support payments to them. Although a mileage summary was completed by the individuals, all necessary information regarding the reimbursement was not maintained. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Receipt Dates not Recorded

Entries in Local 2300's receipts journal, maintained in Roberts Software, does not reflect the actual date the money was received, rather the union enters either the deposit date or the last date of the month. 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.

5. Lost Wages

Local 2300 did not retain adequate documentation for some lost wage reimbursement payments to union officers and other employees. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 2300 retained a voucher for all lost time claims, however the union did not identify on the some lost wage vouchers, or similar document, the union business conducted and the actual date the loss was incurred.

Based on your assurance that the union 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-2) filed by UAW Local 2300 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Failure to Itemize Disbursements

Local 13 did not properly report several "major" transactions in Schedule 18 (General Overhead) and/or other appropriate schedules. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B.

The audit found that Local 2300 did not properly itemize payments to Roberts Custom Software totaling \$5,034.37 for training and maintenance of the union's accounting software. In addition, payments to Cornell University aggregated to \$5,000 or more during the reporting period, although also were not itemized. Payments were made to Cornell University (a.k.a ILR Cornell or ILR School) totaling \$5,103.68 for stewards' training and workshops. This amount including any additional non-itemized transactions should be detailed on an Initial Itemization Page for the appropriate Schedule.

2. Per Capita Tax

Local 2300 failed to report the entire amount of per capita tax paid during the fiscal year on Statement B in Item 56 (Per Capita Tax). The union paid per capita tax to the International Union and other intermediate bodies totaling at least \$253,354, however the union reported only \$252,830. It appears the union erroneously reported the remaining payments in other categories on the report.

3. Benefit Payments

The union failed to report some health insurance premiums paid to Excellus Blue Cross/Blue Shield on Schedule 20 (Benefits). During the review period, the union paid over \$3,500 to Excellus Blue Cross/Blue Shield, however the union only

reported \$1,099. It appears that the union netted this amount with those contributions withheld from the employees.

All cash flowing in and out of the union must be reported and therefore, "netting" is not permitted. Netting is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. Therefore, any monies received or disbursed even on behalf of another entity must be reported as such on the LM-2 report.

I am not requiring that Local 2300 file an amended LM-2 report for 2007 to correct the deficient items, but the local has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Inventory of Fixed Assets

As discussed with you during course of the compliance audit and during the exit interview, it is recommended that the union maintain an inventory list of its assets. An inventory list will help you identify, account for, and determine the total value of your union's fixed assets. You agreed to compile such a list and provide a copy to OLMS once completed.

2. LM-30 Form Required

As discussed with President Terry Sharpe during the exit interview, it was determined that her compensation by Cornell University under the union-leave policy, as outlined in the collective bargaining agreement, is a reportable transaction on the Form LM-30.

Sharpe agreed to file the report which is due to OLMS ninety days after Sharpe's fiscal year. As a reminder, the Form LM-30 is due no later than March 31, 2009 for fiscal year ending December 31, 2008.

I want to extend my personal appreciation to Local 2300 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: Terry Sharpe, President
UAW Local 2300
110 N. Geneva Street
Ithaca, NY 14850

