

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street
Room 9 109E
St. Louis, MO 63103
(314)539-2667 Fax: (314)539-2626



March 18, 2008

Mr. Mike O'Brien, President
Auto Workers AFL-CIO
Local 281
21135 Holden Drive
Davenport, IA 52804-9314

LM File Number 507-510
Case Number: [REDACTED]

Dear Mr. O'Brien:

This office has recently completed an audit of Auto Workers Local 281 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 Kurt Ketelsen and yourself on March 14, 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 Auto Workers Local 281's records revealed the following recordkeeping violations:

1. Reimbursed Expenses

Auto Workers Local 281 did not retain adequate documentation for reimbursed expenses. Specifically, original receipts for two disbursements reimbursed to a union officer for charges on a personal credit card were not retained. The credit card billing statement was provided; however, this is not sufficient documentation for credit card reimbursements. The original receipts must be retained as well.

2. Receipt Records

Auto Workers Local 281 did not retain the original check stub of one dividend check in the amount of \$706.18 from a union-owned certificate of deposit. This check stub is an original receipt record. As previously noted above, labor organizations must retain original documentation for all receipts. The president and financial secretary of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

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

Other Issues

The audit disclosed the following other issue:

Auto Workers Local 281 maintains a pre-numbered, sequential receipt book that is retained in duplicate. This receipt book indicates the date, amount, and payee of checks and cash received by the local. When a member pays money to the local, the receipt record is completed and the member is provided the white, top copy as their receipt. During the audit period, not all copies of receipts were provided to members. In the instances where cash is received, this is the only original record confirming the payment. When receipts are distributed consistently, it establishes a good check and balance system for money received by the local.

I want to extend my personal appreciation to Auto Workers Local 281 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: Kurt Ketelsen, Financial Secretary