



January 25, 2012

Mr. Jason Willey, Financial Secretary
Auto Workers Local 470
85 Bodwell Street
Avon, MA 02322

Case Number: [REDACTED]
LM Number: 061-954

Dear Mr. Willey:

This office has recently completed an audit of Auto Workers Local 470 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 and President Pires on January 20, 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 Auto Worker's 2010 records revealed the following recordkeeping violations:

1. Receipt Dates Not Recorded

Entries in Local 470's cash received ledger 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-3. The LM-3 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. Meal Expenses

Local 470's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Local 470 had disbursements for food/meals totaling approximately \$40.22 for which the receipts were not documented with the names of members participating in the meal or the union purpose for the expense. Union records of meal expenses must include written explanation of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. General Expenses

Local 470 did not retain receipts for some expenses incurred by the local. The local had expenses totaling \$1,358.40 for which there were no validating receipts, bills, or invoices. For example, the local paid AMVETS Post 51 \$400 for annual hall rental and a \$150 Christmas donation but did not obtain a receipt from Post 51 for the disbursements.

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.

4. Lost Wages

Local 470 did not retain adequate documentation for lost wage reimbursement payments to union officers in at least 41 instances. 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 while Local 470 did retain union vouchers, the 41 vouchers either did not have the hourly rate of pay for each individual or the date lost wages were incurred.

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Based on your assurance that Auto Workers Local 470 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 LM-3 filed by Auto Workers Local 470 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Cash on Hand

Local 470 maintains a cash box in the union office for receipts received from the sale of union T-Shirts. Local 470 failed to include the cash on hand in Item 25A and 25B (Cash Start and End of the Reporting Period) on the annual financial report.

2. Contributions, Gifts, and Grants

The audit indicated that Local 470 had \$1,928.21 in contributions and gifts but reported \$460 in Item 51 (Contributions, Gifts & Grants). It appears the local erroneously reported the disbursements in Item 54 (Other).

I am not requiring that Auto Workers Local 470 file an amended report for 2010 to correct the deficient items, but Local 470 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Auto Workers Local 470 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,

[REDACTED]
Investigator

cc: Mr. Henry Pires, President