



September 28, 2012

Ms. Denise C. Greenwood, Financial-Secretary
Auto Workers, AFL-CIO, Local 719
6325 Joliet Rd., Suite 100
Countryside, IL 60525

Case Number: [REDACTED]
LM Number: 012-621

Dear Ms. Greenwood:

This office has recently completed an audit of Auto Workers, AFL-CIO, Local 719 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 on September 28, 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 Violation

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 Local 719's 2010 records revealed the following recordkeeping violations:

1. Lack of Expense Supporting Documentation

Local 719 failed to retain original copies of invoices for at least 6 disbursements totaling approximately \$9,968.00. Photocopies of invoices, original internal expense vouchers, and original check stubs were maintained by Local 719 for such disbursements that adequately explained the union purpose of the disbursements with the exception of one disbursement to a livery company for \$450.00. The photocopy of the invoice from the livery company, internal expense voucher, and check stub failed to adequately describe the union purpose for the bus rental or list its exact travel itinerary.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. An expense receipt that is not sufficiently descriptive can meet the recordkeeping requirements of Section 206 of the LMRDA by a handwritten note being added to the expense receipt that provides the additional information. 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. Failure to Record Receipts

Local 719 did not record in its receipt records some interest earned on two certificates of deposit totaling at least \$701.96. For example, interest in the amount of \$201.69 was credited by the bank to a certificate of deposit on December 8, 2010, but the interest was not recorded in the union's receipt records during the audit period ending December 31, 2010. Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 719 will retain adequate documentation in the future, OLMS will take no further enforcement actions at this time regarding the above violation.

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 Local 719 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Interest Receipts

Local 719 failed to report approximately \$701.96 in interest income that was deposited into two certificates of deposit during the audit period. The LM-2 instructions states that the total amount of interest received by the labor organization from savings accounts, bonds, mortgages, loans, and all other sources must be reported in Item 40 (Interest).

2. Fidelity Bond

Local 719 reported \$1,000.00 in Item 14 (Fidelity Bond) of the LM-2 as the maximum amount recoverable under the labor organization's fidelity bond. The audit revealed that Local 719 actually was bonded for \$140,000.00 during the audit period. The LM-2 instructions state that a union must report the maximum amount recoverable for a loss caused by any officer, employee, or agent of the labor organization who handled the labor organization's funds.

I am not requiring that Local 719 file an amended Form LM-2 report for 2010 to correct the deficient items, but Local 719 has agreed to properly report the deficient items on all future reports with OLMS.

I want to extend my personal appreciation to Auto Workers Local 719 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: Ms. Guillerma Brown, President