



September 28, 2011

Ms. Cathy Winsett, Financial Secretary
Auto Workers AFL-CIO
LU 9025
[REDACTED]
Springville, TN 38265

Case Number: [REDACTED]
LM Number: 544-300

Dear Ms. Winsett:

This office has recently completed an audit of Auto Workers AFL-CIO Local 9025 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 13, 2011, 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 Local 9025's 2009 and 2010 records revealed the following recordkeeping violations:

1. Lost Wages

Local 9025 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$3,225. 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 9025 union officers did not always reflect this information on their disbursement vouchers. For example, your union's current disbursement voucher identifies the type of information that the local must maintain, but Local 9025 union officers neglected to complete the vouchers.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 9025 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses. Additionally, your local's current disbursement voucher also identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Failure to Record Receipts

Local 9025 did not record in its receipts records some reimbursement checks received from the international totaling at least \$2,623.09. For example, the international reimbursed the union \$2,469.31 and \$153.78 for organizing activities, but these monies were not entered in the union's receipt record. Union receipts 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.

3. Information not Record in Meeting Minutes

During the audit, you advised OLMS that Mr. [REDACTED] telephonically contacted each executive board member to obtain approval for him, Bargaining Committee Chairperson Joseph McClure, and Bargaining Committee Member Marla McCaslin to attend an Auto Workers V-CAP meeting. Local 9025 maintained no minutes of that vote. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

During the audit, Ms. Winsett, you stated during the audit that on May 8, 2010, the executive board authorized to pay half of the traveling expenses for Ms. McCaslin and the entire expenses for Mr. [REDACTED] for a scheduled trip. Article VI, Section b of the bylaws states, "between membership meetings, the Executive Board shall be the highest authority of the Local Union and shall be empowered to act on behalf of the membership to the extent urgent business requires prompt and decisive action, subject to subsequent membership approval..." However, the minutes of the meeting do not contain any reference to those issues. In fact, executive board approval was noted in the minutes dated

June 11, 2010, which was after the local reimbursed Ms. McCaslin and Mr. [REDACTED] for the expenses.

4. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$440 during 2009. 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.

Based on your assurance that Local 9025 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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-3) filed by Local 9025 for the fiscal year ended December 31, 2009, was deficient in that:

Disbursements to Officers

Local 9025 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 9025 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 9025 file an amended LM report for 2009 to correct the deficient items, but Local 9025 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Per Diem Payments

Local 9025 union officers received per diem payments in excess of the amount allowed by the union's parent body. For example, Mr. McClure, Mr. [REDACTED] and Ms. McCaslin were paid per diem at a rate of \$50 per day for a three-day trip. However, the per diem rate is \$46 per day and \$20 for the return trip. Local 9025 should ensure per diem is paid in accordance with the established rate.

2. Lost Wage Disbursements

Former President [REDACTED] received lost wage payments in which he may have not been entitled received totaling at least \$172.08. For example, Mr. [REDACTED] was paid for lost wages incurred on December 2, 2009 and January 20, 2010 at the overtime rate. However, employer's payroll records show that Mr. [REDACTED] was not eligible to work overtime on those dates. Article XII, Section b of the bylaws states, "...The amount of lost time should never exceed the amount which the Local Union representative or member would otherwise have received from their employer for the same period of time for which they are being compensated by the local union."

I want to extend my personal appreciation to Auto Workers Local 9025 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. Anthony Phifer, President