



June 2, 2016

Ms. Sharon VanAcker, Financial Secretary
United Auto Workers Local 941
1142 Beardsley Ave.
Elkhart, IN 46514

Case Number: 310-6006257-
LM Number: 022210

Dear Ms. VanAcker:

This office has recently completed an audit of United Auto Workers Local 941 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 Susan Haines on May 2, 2016, 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 941's 2014 records revealed the following recordkeeping violations:

1. Lost Wages

The union advised that all officers must take unpaid union leave from their employer to be paid lost wages from the union. Local 941 did not retain adequate documentation to verify lost wage reimbursement to a union officer totaling at least \$58.05. 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 revealed that in most cases all required information was recorded on lost time vouchers; however, there was at least one instance where the number of hours lost on the lost time voucher exceeded the number of hours missed at work to attend to union business.

2. Receipt Sources and Dates Received not Recorded

You explained to me that officers and shop stewards sell t-shirts to members and forward the money to the union office or to the president. These receipts are recorded in the union's paper receipts book and then in the union's electronic receipts journal on a date that is not necessarily the date the t-shirt was sold. In addition, the union receipt records associated with t-shirt sales incorrectly reflect that the receipts were from the union president.

Union receipts records must show the date and source of the receipt. The date and source of the 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.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized disbursements of union funds during membership meetings. Per Article 46, Section 1 of the UAW Constitution: "The funds of each Local Union shall be used to defray all necessary expenses which must be approved by the Local Union in regular meeting." This provision requires expenses be authorized by the membership.

Local 941 meeting minutes or equivalent record did not reflect membership approval for all union expenses. For example, the union did not have minutes or an equivalent record to indicate that the membership gave its approval for four officers to attend training in Las Vegas in February 2014. Payments to officers included per diem and lost time for four days. The officers shared hotel rooms and two officers were reimbursed hotel and airfare expenses for the four traveling officers, which totaled \$1,322.78 and \$1,085. Minutes of all membership meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 941 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-3) filed by Local 941 for the fiscal year ended December 31, 2014 was deficient in the following areas:

1. Valuation of Other Assets

You advised that the union reported in Item 30 (Other Assets) the resale value of t-shirts the union purchased to sell and give away to members. You further explained that the resale value of the t-shirts sold and given away during the audit period was reduced from Item 30(A) (Other Assets - Start of Reporting Period) in order to calculate Item 30(B) (Other Assets – End of Reporting Period). The LM-3 instructions requires all assets not reported in Items 25 through 29 to be reported in Item 30 at the total value as shown on your organization's books (i.e. book value) at the start and end of the reporting period.

2. Reporting Officers and Disbursements to Officers

Local 941 did not report the names of some officers and the total amount of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). For example, the union failed to report Local 941 Trustee Everette Porter and Vice President Chereaux White-James and the salaries, allowances, and expenses paid to these officers.

The audit also revealed that several officers received a \$100.00 monthly "allowance." You advised that these payments were intended to compensate officers for their work and were not a reimbursement or allowance for a specific expense. The union failed to report all "allowance" payments in Item 24(D) (Gross Salary). It appears that the union erroneously reported these payments in Item 24(E) (Allowances and Other Disbursements).

Per the LM-3 Instructions, the union is to report in Item 24(A) the last name, first name, and middle initial of each person who held office in the labor organization at any time during the reporting period. Include all the labor organization's officers whether or not any salary or other disbursements were made to them or on their behalf by the labor organization. In addition, the union is to report in Item 24(D) the gross salary of each officer and disbursements for "lost time" or time devoted to union activities.

3. Next Regular Election

During the course of the audit, you informed me that the union held its regularly scheduled officer election on May 27, 2015. The union reported in Item 22 (Next Regular Election) that the officer election was scheduled for June 2015.

Per the LM-3 Instructions, the union is to enter the month and year of your organization's next regular election of general officers (president, vice president, treasurer, secretary, etc.) in Item 22. Do not report the date of any interim election to fill vacancies.

During the course of the audit, it was also revealed that the LM-3 filed by Local 941 for the fiscal year ended December 31, 2015 was deficient in the following areas:

1. Reporting Officers and Disbursements to Officers

The union failed to report Recording Secretary Lena Fennell in Item 24 and did not report disbursements to this officer that totaled at least \$1,375.09. See page 3 of this letter for instructions on reporting officers in Item 24.

2. Audit or Review of Books and Records

The union reported "Yes" in Item 14 (During the reporting period did your organization have an audit or review of its books and records by an outside accountant or by a parent body officer/representative?). The union appropriately noted in Item 56 (Additional Information) that its records were audited by a UAW auditor. However, in Item 56 (under Item 14), the union indicated that OLMS audited union records. OLMS is neither a parent body nor an outside accountant and should not be referenced under Item 14 of LM-3 report.

Per the LM-3 Instructions, if Item 14 is answered "Yes," indicate in Item 56 whether the audit or review was performed by an outside accountant or a parent body auditor/representative. If the audit or review was performed by an outside accountant, provide the name of the accountant or accounting firm.

Local 941 must file an amended Form LM-3 for the fiscal years ended December 31, 2014 and December 31, 2015 to correct the deficient items discussed above. I encourage Local 941 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than June 30, 2016 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to United Auto Workers Local 941 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: Susan Haines, Local 941 President