

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 INTERNATIONAL UNION, UNITED)
 AUTOMOBILE, AEROSPACE, AND)
 AGRICULTURAL IMPLEMENT)
 WORKERS OF AMERICA,)
)
 Defendant.)

Case No. 20-13293
Honorable David M. Lawson

MONITOR'S TENTH STATUS REPORT

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Pursuant to Paragraph 58 of the Consent Decree (Dkt. No. 10), the Court-appointed Monitor, Neil M. Barofsky, respectfully submits to the Court this tenth status report (“Tenth Report”) concerning the monitorship of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (the “Union” or the “UAW”).

INTRODUCTION

Following a U.S. Department of Justice (“DOJ”) investigation that resulted in the criminal convictions of numerous senior Union officials, including two past Presidents, the UAW agreed to a Consent Decree and the appointment of a Monitor beginning on May 12, 2021. Under that decree, the Monitor was given three responsibilities upon appointment: (1) to help the UAW ensure that its compliance regime can prevent and remove fraud and corruption; (2) to investigate and address suspected past and present misconduct; and (3) to administer a referendum vote to decide the manner in which the Union would choose its senior-most leaders, implement any change arising from that referendum, and oversee the Union’s elections of its leadership during the monitorship.¹

This Report updates the Court on the status of the Monitor’s activities to assist the UAW in improving its compliance regime at approximately the halfway point of the Monitor’s six-year term.² It also includes a brief update about the Monitor’s election-related activities since the

¹ Consent Decree, *United States v. Int’l Union, United Auto., Aerospace & Agric. Implement Workers of Am.* (Jan. 29, 2021), Civil No. 20-cv-13293, ECF No. 10 (“Consent Decree”).

² In order to ensure the factual accuracy of this Report, the Monitor provided a draft of this Report to the Union, through its General Counsel and Compliance Director, copying outside counsel, to solicit the Union’s feedback. The Union’s responses to the Monitor’s recommendations are included in the Report. Some of those responses were revised or supplemented following clarifying questions from the Monitor. The Union’s Secretary-Treasurer also separately provided feedback on the draft report and the Union’s responses. In all events, the Monitor retained discretion to determine what facts should be included in the Report, with the goal of a factually accurate Report.

Monitor's comprehensive report on that topic was filed in December 2023.³ The Monitor separately reported on his investigative activities in a report filed on June 10, 2024.⁴

Compliance Reform

As detailed in the Initial Status Report,⁵ in 2021 the Monitor undertook an initial assessment of the UAW's efforts to institute compliance reforms to combat corruption and unethical practices at the Union and made 38 recommendations to achieve that goal. The Union accepted almost all the Monitor's recommendations and, since then, has worked with the Monitor to implement them. As a result of those efforts, the UAW has made significant strides in building a sustainable compliance regime, including establishing its first-ever Compliance Department, standing up a robust Internal Audit function, and implementing an array of new policies, process enhancements, and financial controls. That progress has set a foundation for the institutional architecture the Union needs to support a sustainable culture of compliance within the organization. Despite those gains on the architecture of compliance, however, challenges continue with respect to the Union's culture of compliance, including persistent fears about retaliation among Union staff. Furthermore, and as detailed below, the Union needs to bring a sense of enhanced urgency in continuing its compliance reform by speeding up its pace in implementing certain long-standing recommendations.

Part I of this Report provides an update on the successes of the Union's efforts to build a sustainable compliance regime for the Union, details the persisting challenges, and makes 18 new

³ Monitor's Eighth Status Report, *United States v. Int'l Union, United Auto., Aerospace & Agric. Implement Workers of Am.* (Dec. 8, 2023), Civil No. 20-cv-13293, ECF No. 119 ("Monitor's Eighth Status Report").

⁴ Monitor's Ninth Status Report, *United States v. Int'l Union, United Auto., Aerospace & Agric. Implement Workers of Am.* (June 10, 2024), Civil No. 20-cv-13293, ECF No. 124 ("Monitor's Ninth Status Report").

⁵ Monitor's Initial Status Report, *United States v. Int'l Union, United Auto., Aerospace & Agric. Implement Workers of Am.* (Nov. 11, 2021), Civil No. 20-cv-13293, ECF No. 49 ("Monitor's Initial Status Report").

recommendations to address lingering culture issues and to accelerate the pace of reform. A table setting forth the status of each recommendation made by the Monitor is included with this Report as Exhibit A.

Culture of Compliance. When the monitorship began, the Union had just concluded a period of its history characterized by a culture of fear and reprisal, in which UAW leaders actively undermined compliance controls intended to prevent financial malfeasance.⁶ With numerous high-ranking officials sent to jail for corruption, employees reported a “toxic” culture at the Union and fear of retaliation for speaking up about misconduct.⁷

A recent culture assessment—conducted by the Union’s Internal Audit function—uncovered remnants of that culture still at the Union. On the one hand, there were several positive aspects of the culture assessment, with most Union staff members reporting that they feel a strong sense of mission and purpose-driven employment; gain “a sense of personal fulfillment from [their] work;” and feel “motivated and inspired” by the UAW’s identity. But, based on the hundreds of anonymous survey responses, the culture assessment also found divisions and silos within the Union that are negatively impacting the Union’s culture. For example, the survey revealed that a concerning number of Union personnel continue to fear retaliation if they were to report misconduct, and that many harbor the same kinds of concerns that were present at the start of the monitorship. In the words of Union employees that Internal Audit reported to be representative of this cohort, the Union needs to “[e]nd the toxic idea that fear is a motivator,” “[c]orrect the retaliation,” and “remove the culture of fear of retribution” at the Union.⁸

⁶ Monitor’s Initial Status Report at 25-28, 66-67, 70-73.

⁷ Monitor’s Initial Status Report at 70.

⁸ Culture Assessment Report at 10 (Apr. 11, 2024).

The data gathered during the survey underscores the widespread nature of the concerns of these staff members. For example, of the approximately 100 Union staff who reported that they witnessed unethical behavior or misconduct during the 12 months prior to the survey, over 30% said that they did not report the misconduct they witnessed.⁹ All survey participants were asked why they would not report misconduct if they saw it, and, in response, over 40% of respondents said that they would decline to report out of fear of retaliation.¹⁰ Calls to the Monitor's Hotline have independently and repeatedly echoed these same concerns.¹¹ If left unchecked, these issues will inevitably impede the Union's efforts to create a culture of compliance. No matter how strong its architecture of policies and procedures, the Union cannot detect and prevent malfeasance, financial or otherwise, if such a sizable portion of its employees fear speaking up when they see it.

Divisions within the Union are also having a negative impact on Union morale and, if left unaddressed, could further drag down the Union's pace of reform. As reported in the Monitor's Ninth Status Report, the IEB recently voted to authorize the Union President to make structural changes to reduce the authority and oversight of the Secretary-Treasurer in response to allegations of misconduct in carrying out her responsibilities, and the Union President separately reassigned the Stellantis Department from a Vice President after accusing him of dereliction of duty. In response, the Secretary-Treasurer and the Vice President have alleged that these actions were taken in retaliation, in part, for the refusal to approve or execute certain financial expenditures or to engage in acts of financial and unethical misconduct to benefit others.¹²

⁹ Culture Assessment Data (Nov. 20, 2023); Culture Assessment Report at 26 (Apr. 11, 2024).

¹⁰ Culture Assessment Data (Nov. 20, 2023); Culture Assessment Report at 25 (Apr. 11, 2024).

¹¹ Monitor's Initial Status Report at 142 (the Monitor's Hotline was established to, among other things, "receive information from Union members and the public about potential misconduct").

¹² Monitor's Ninth Status Report at 8-10.

Although the Monitor will make no judgment on whether the actions of the President were appropriate until after he concludes the investigation described in the Monitor’s Ninth Status Report, these events have been perceived by Union staff—that already has significant concerns about a “culture of fear of retribution”—as confirmation that even the highest-ranked Union officials can be subject to retaliation. Specifically, reports to the Monitor’s Hotline from Union staff have cited the actions taken against the Secretary-Treasurer and Vice President as driving retaliation fears that reporting alleged abuses might lead to retribution from the President’s Office. Given the fragility of the Union’s cultural perception of retaliation, whether they were appropriate or not, how these recent acts are perceived by the Union’s staff must be taken into account when tackling this persistent cultural challenge.

These issues require prompt attention from the Union. In the wake of the culture assessment, Internal Audit urged the IEB in an April 2024 meeting to take “immediate action” and issued multiple recommendations to help the Union address its cultural problems. The Monitor has adopted these recommendations, and building on them, has also made several additional recommendations to accelerate the Union’s response to the culture assessment as a top priority. For example, the Monitor has recommended that, within 60 days of this Report, the Union’s new “Culture Committee” should develop and recommend to the IEB specific plans to implement Internal Audit’s recommendations; the IEB should share a summary of the results of the culture assessment with its personnel and communicate how it plans to quell fears of retaliation; and the Union should quickly hold its annual “All Staff” meeting to emphasize compliance and ethics as core Union values, which the Union has not done since the prior President convened such a meeting in November 2022.

Adopting and implementing these recommendations could help convey the message to Union staff that a culture of compliance—and intolerance for retaliation for doing the right thing—is a priority for all Union personnel. The Union has largely accepted these recommendations, by indicating it will hold an All Staff meeting in October and by directing the Culture Committee to drive implementation of the reforms recommended by Internal Audit. The pace of taking these actions is critical, and, in carrying out these reforms, it is essential for the Union to seize the moment to address the concerns of its staff with a sense of energy and urgency. The Union, however, has not yet demonstrated the appropriate sense of urgency and concern in these areas, as indicated, among other things, by the fact that its Culture Committee will not conduct its first meeting until later this month, nearly three months after the IEB voted to create it.

Recent Structural Changes. The noted changes approved by the Union in February 2024—concerning the authority of the Secretary-Treasurer—may also present a separate risk to the Union’s compliance regime by potentially removing checks and balances. Among those changes, the Union President reassigned nine departments from the Secretary-Treasurer’s Office to the President’s Office, including the Purchasing Department and Information Technology Services (“ITS”) Department, and two departments from the Secretary-Treasurer’s Office to Regional Directors. The Union also removed certain policy approvals from the remit of the Secretary-Treasurer and placed them with the Compliance Director, who sits in the President’s Office. These changes consolidate authority under the control of the President’s Office and risk diluting the role of the Secretary-Treasurer as a potential independent check on actions that pertain to financial approvals and oversight of expenditures.

The Union must tread carefully in removing potential checks and balances on authority—especially those that concern financial matters—given the Union’s history of financial corruption,

the cultural concerns still present at the Union, and the relative nascency of its compliance program. As the Monitor noted at the time of the Initial Status Report, “[a]ny institution . . . benefits from checks and balances on those in positions of power. Such checks and balances are all the more critical when an organization relies principally on, and is entrusted with, the financial contributions of its members.”¹³ The Union needs to make sure that structural changes—such as removing oversight of the Purchasing Department from the Secretary-Treasurer and reassigning it to the President’s Office, where many purchases and vendor hires are made—do not weaken needed oversight of the member funds entrusted to it. Although the Monitor will not reach any final conclusion about whether the changes should be reconsidered until after he completes his investigation, the Monitor has advised that the Union must continue to be vigilant when amalgamating authority such that it does not create unintended consequences that potentially risk slowing the Union’s progress toward reform.

Separately, the Union’s actions in February 2024 did not meet the Monitor’s expectations for transparency. When the Union made the structural and policy changes in February 2024, it had not provided the Monitor with adequate notice of the significant changes it planned to undertake. In response, the Monitor issued a letter to the Union several months ago to clarify his expectations regarding notice and made several recommendations, formalized in this Report, to help prevent potential lapses in communication going forward. Unfortunately, the Union has not accepted those recommendations, but instead stated that it “will consider [them],” even though more than three months have passed since they were made. The Monitor’s recommendations in this area are intended to assure transparency from the Union to the Monitor, and the Union’s refusal to embrace them, together with the failure to fully cooperate with the Monitor’s ongoing

¹³ Monitor’s Initial Status Report at 74.

investigations into members of the IEB that is discussed in the Monitor’s Ninth Status Report, sends a troubling signal about its previously stated commitment toward transparency with the Monitor. As described in the Ninth Status Report, the Monitor cannot effectively carry out his mandate under the Consent Decree without sufficient transparency from the Union.

Compliance Program Architecture. Even as it has struggled with these cultural headwinds and institutional divisions, the Union has nonetheless achieved tangible and significant improvements to its architecture of compliance. It has made meaningful organizational improvements and implemented a broad array of financial policies, procedures, controls, governance improvements, and trainings that collectively are improving the Union’s internal compliance infrastructure.

Foremost, the Union has institutionalized organizational changes that are pivotal to a sustainable compliance program by establishing three pillars of its compliance regime that, as they continue to mature—and over time become an ingrained part of the institution—will be there to serve as a bulwark against potential fraud and corruption:

- **Compliance Department.** The Union has created its first-ever Compliance Department, headed by a Compliance Director who oversees a variety of compliance-related activities for the Union. As recounted below, in her short tenure since September 2022, the Compliance Director has overseen a flurry of compliance activities, including conducting trainings for Union staff, revisions to and the development of numerous new and supplemented policies, and quarterly reviews of significant travel and entertainment expenditures, among other things.
- **Compliance and Ethics Committee (“CEC”).** Pursuant to one of the Monitor’s recommendations, the Union has also established the CEC as a forum for the Union to elevate compliance and ethics issues to the Union’s leadership, including the Compliance Director and leaders in various Union departments. The creation of the CEC is an important milestone for the Union and has been positively received by the Union’s employees as a sign of the Union’s commitment to compliance and ethics, as indicated in the culture assessment discussed below.

- **Internal Audit.** Another important effort to institutionalize compliance infrastructure at the Union has been its Internal Audit function. As detailed in the Monitor's Initial Status Report, when the Union first established an Internal Audit function in 2020, it relied on a vendor that also provided other services to the Union, leading the Monitor to recommend that the Union clarify the roles, responsibilities, and reporting structure of Internal Audit. The Union engaged a new external service provider in June 2022, and established reporting procedures to help enable effective oversight. Since then, the Union's Internal Audit function has undertaken an impressive array of work, conducting numerous audits and risk assessments across a variety of key areas, and, as a result, has identified numerous ways for the Union to strengthen its internal controls. Internal Audit's work to date illustrates that it is performing the role it is intended to perform and demonstrates why a robust internal audit function is critical to maintaining a strong internal control environment within the Union long after the monitorship ends.

Although the Union should be commended for the work noted above, there is still more work to do to fortify these areas. The Compliance Department is adding staff, but still might be underfunded. The CEC is stood up, but it is not carrying out its role in overseeing and driving implementation of the Monitor's recommendations. And the Union needs to better prioritize its responses to Internal Audit. The Monitor has made a series of recommendations in these areas, all of which have been accepted by the Union.

Policies and Procedures. Midway through the monitorship, the Union has also made commendable progress in implementing new policies, procedures, governance processes, and training initiatives that are essential to improving transparency, reducing favoritism, rebuilding trust, and preventing financial misconduct in the Union. The Union has adopted policies that prohibit bribery and corruption, harassment and discrimination, and undisclosed conflicts of interest, and conducted training on these and other key ethics and compliance topics. It has implemented a detailed suite of vendor due diligence, review, and approval procedures to mitigate the risk of self-dealing and other financial misconduct in vendor relationships. The Union has also

initiated the important work of developing a formal budgeting process, a vital tool to set financial priorities and hold Union departments accountable for how they spend Union funds.

These are significant improvements, but certain policies, procedures, and system improvements have lagged in various stages of development and implementation. For example, the Union has still not finalized its policies on procurement and the funding of community and political activities, despite these being areas of historical abuse and the Monitor's recommendations to prioritize this work in November 2021. The Union implemented a policy on conference-related expenditures but failed to fully implement, communicate, or train personnel on the new policy for more than a year after it was approved; likely as a result, the policy has not been consistently followed. The Union has generally accepted the Monitor's new recommendations in these areas and has committed to implementing these policies.

The Union has also struggled with the adoption of procedures to safeguard against the hiring of unqualified personnel and combat perceptions of nepotism and favoritism. The Initial Status Report detailed how the Union historically relied on a promotion and hiring system that allowed personal relationships to be a leading job qualification, and let unqualified individuals assume important employment roles, thereby suppressing morale.¹⁴ Competitive hiring processes, the use of formal job descriptions, and performance reviews are key tools the Monitor recommended in the Initial Status Report to combat complaints within the Union of nepotism and favoritism. Although it has taken some time, the UAW recently agreed to adopt the Monitor's recommended measures, including the creation of job descriptions for all positions and generating a list of which International Union staff roles are classified as political appointments, and thus will be exempt from competitive hiring. The UAW should be commended for adopting these

¹⁴ Monitor's Initial Status Report at 94-97.

recommendations, as it will be better served by this more aggressive and proactive approach to establishing the mechanisms needed to ensure its staffing decisions are free from favoritism.

Elections

As detailed in several prior reports to the Court, the Monitor has worked closely with the Union to carry out its first-ever direct election process. The Monitor's Eighth Status Report contained a detailed overview of the election-related activity undertaken by the Monitor since the onset of the monitorship. Since that report, the Monitor has continued to work with the Union to identify and enact improvements to its direct election system, including membership records reform, in addition to assisting the Union with its preparations for the UAW's upcoming 2026 direct election. Additional details about the Monitor's election-related activities are contained in **Part II** of this Tenth Report.

* * *

I. UPDATE ON COMPLIANCE-RELATED ACTIVITIES

This Part of the Report first discusses the results of the recent culture assessment at the Union. It then describes the recent IEB changes at the Union concerning the authority of the Secretary-Treasurer. Finally, it summarizes the Union's progress to date in implementing the Monitor's recommendations since the inception of the monitorship three years ago—and identifies additional recommendations for compliance improvements.

A. UAW's Culture Assessment

From late August 2023 through early 2024, the Union's Internal Audit function conducted a "culture assessment" of International Union staff that was intended to "provide insight into the current state of the culture of the International Union" (the "Culture Assessment").¹⁵ The Culture Assessment used a mix of survey questions, free response questions, and one-on-one interviews to capture a broad swath of information.¹⁶ Unlike the 2021 culture assessment described in the Initial Status Report, all International Union employees had an opportunity to respond to Internal Audit's 2023 Culture Assessment and participation was high.¹⁷ On average, Internal Audit received 540 responses per survey question and interviewed 20 leaders across the organization,¹⁸ reflecting robust participation in the assessment process. Internal Audit prepared a Culture Assessment Report that summarizes the results of the survey, and that report describes results that are both positive and negative for the Union.

¹⁵ Internal Audit Culture Assessment Report at 5 (Apr. 11, 2024) ("Culture Assessment Report"). Rehmann, an external consultant, provides the Union's internal audit services. The Union's former provider of internal audit services conducted a culture assessment in the first quarter of 2021. From August 31, 2023 through September 12, 2023, Rehmann repeated, with minor changes (including some new questions), the survey portion of the prior culture assessment with a broader pool of respondents.

¹⁶ Culture Assessment Report at 5, 30-33 (Apr. 11, 2024).

¹⁷ Culture Assessment Report at 5 (Apr. 11, 2024).

¹⁸ Culture Assessment Report at 5 (Apr. 11, 2024).

The Culture Assessment Report showed positive results relating to the sense of mission at the Union, as well as some areas of improvement over the 2021 survey results. For example, according to the Culture Assessment Report, Union staff reported feeling a very strong sense of mission and purpose-driven employment. Of those surveyed, 92% agreed with the statement that they gain “a sense of personal fulfillment from [their] work,” a 16% increase from the 2021 survey.¹⁹ And 76% of survey participants reported feeling “motivated and inspired” by the UAW’s identity and “a sense of belonging to the UAW,” a 10% increase from 2021.²⁰ Internal Audit gave the Union high marks for its commitment to mission and values.²¹

A number of the Culture Assessment Report’s positive findings also extended to the Union’s commitment to compliance. For example, more than 75% of survey participants said the UAW “provides employees with the right knowledge and resources to assess compliance and risk,” a 28% increase from the 2021 survey.²² Nearly 85% of survey participants said their direct manager or supervisor “role models ethical behavior” and “complies with the anti-retaliation policy.”²³ Internal Audit noted the addition of a Compliance Director, the new Compliance and Ethics Committee, and Staff Development Department initiatives as positive developments.²⁴ In their comments, several survey participants underscored these points, including sharing the following observations:

- “[M]any new safeguards and guidelines are now put in place to make us a stronger Union moving forward.”²⁵

¹⁹ Culture Assessment Report at 22 (Apr. 11, 2024).

²⁰ Culture Assessment Report at 22-23 (Apr. 11, 2024).

²¹ Culture Assessment Report at 5 (Apr. 11, 2024).

²² Culture Assessment Report at 22 (Apr. 11, 2024).

²³ Culture Assessment Report at 22 (Apr. 11, 2024).

²⁴ Culture Assessment Report at 5 (Apr. 11, 2024).

²⁵ Culture Assessment Report at 19 (Apr. 11, 2024).

- “With the current change in IEB there has been a more focused approach of maintaining compliance and transparency.”²⁶
- “Positive changes” at the Union include “new UAW policies that have been placed in effect with the help of our legal team and compliance team.”²⁷
- The Union has a “Compliance Director that is accessible.”²⁸
- “The current president seems to be doing a good job at communicating positive culture” and “[the Secretary-Treasurer] is very approachable and very genuine and treats everyone the same.”²⁹

These positive findings were tempered, however, by some significant cultural challenges for the Union, with the Culture Assessment Report identifying key areas that have shown little movement since 2021. For example, even though nearly 85% of survey participants said their manager or supervisor complies with the anti-retaliation policy, nearly half of survey participants did not agree with the statement that the UAW *as a whole* enforces that policy.³⁰ Even more concerning, of the approximately 100 survey respondents who reported that they witnessed unethical behavior or misconduct during the 12 months prior to the survey, over 30% said that they did not report the misconduct at all.³¹

All survey participants were asked why they would not report misconduct if they saw it,³² and, in response, over 40% of respondents said that they would decline to report out of fear of retaliation, over 25% cited lack of anonymity in the reporting process, and nearly 10% said they

²⁶ Culture Assessment Data (Nov. 20, 2023).

²⁷ Culture Assessment Data (Nov. 20, 2023).

²⁸ Culture Assessment Data (Nov. 20, 2023).

²⁹ Culture Assessment Data (Nov. 20, 2023).

³⁰ Culture Assessment Report at 22-23 (Apr. 11, 2024).

³¹ Culture Assessment Data (Nov. 20, 2023); Culture Assessment Report at 26 (Apr. 11, 2024).

³² Survey respondents were provided the opportunity to submit more than one response to this question and many did so. Culture Assessment Data (Nov. 20, 2023).

would be unwilling to report misconduct if the person who committed the misconduct had seniority.³³

In their comments during the Culture Assessment, various respondents described issues around retaliation as lingering concerns at the Union:

- As reported by Internal Audit in its summary of the results, employees said the Union needed to “[e]nd the toxic idea that fear is a motivator,” “[c]orrect the retaliation,” and “remove the culture of fear of retribution” at the Union.³⁴
- Internal Audit also highlighted that some respondents said that the Union needs to “[c]ontinue to foster an environment of respect” and “transparency” to afford employees “a voice to communicate needs without fear of retribution.”³⁵ Other respondents stated that “[i]f an employee violates [a culture principle or expectation] and it’s reported, often nothing happens[,]” but the employee reporting the violation “suffers.”³⁶
- In narrative responses, survey respondents also shared that “the IEB does not hold itself accountable” and “staff are being retaliated (legally) against for disagreeing politically”; the Union’s “internal political culture creates incentives that warp decision making and creates a culture of retaliation being tolerated”; and “a theme for the new leadership has been to distrust and retaliate against long-time employees most of whom are just trying to do their job and represent the membership.”³⁷

In addition, a portion of the UAW still views the overall culture at the UAW negatively, with a large segment of respondents describing the Union with words such as “toxic,” “divided,” “fractured,” or other similarly negative terms.³⁸ In other parts of the survey, respondents underscored these themes:

³³ Culture Assessment Data (Nov. 20, 2023); Culture Assessment Report at 25 (Apr. 11, 2024). Internal Audit reported that approximately 547 employees responded to this question.

³⁴ Culture Assessment Report at 10 (Apr. 11, 2024).

³⁵ Culture Assessment Report at 10 (Apr. 11, 2024).

³⁶ Culture Assessment Report at 11 (Apr. 11, 2024).

³⁷ Culture Assessment Data (Nov. 20, 2023).

³⁸ Culture Assessment Data (Nov. 20, 2023).

- Employees expressed concerns about “division we have experienced from the most recent election,” “no cohesion since the elections,” and too much focus on “who is ‘our side’ and ‘the other side.’”³⁹ As one employee described: “The board doesn’t work well together, they are split and everyone knows they don’t work together.”⁴⁰
- Some survey respondents raised nepotism and favoritism concerns, observing that “[n]epotism is not dead in the UAW,” “supporters and campaign allies [are] getting hired for jobs there are most likely better suited candidates for,” and “there’s a lot of favoritism, you only grow/move up if you know someone and opportunities are not really based on your performance, skill set, etc.”⁴¹

In its report to the IEB, Internal Audit called on the Union to take “immediate action” to address the division and silos within the Union, fear of retaliation and lack of trust, and the need for continued training on how to report compliance and policy violations.⁴²

Consistent with these findings of Internal Audit’s Culture Assessment, Union personnel have independently reported to the Monitor their concerns about retaliation at the UAW, many of them attributing their fears to divisions at the Union—particularly between the President’s Office and the Secretary-Treasurer’s Office. For example, the Monitor has been told that employees in the Secretary-Treasurer’s Office have been discouraged from engaging with the Compliance Director because she reports to the President and that anything reported to her could be the basis for retaliation.⁴³ Further, a number of Union employees have shared with the Monitor that they are afraid that they will be fired from the Union or that Union leaders or employees will face the “wrath of [a senior IEB member]” for trying to “challenge” them.⁴⁴ Recently, complainants have

³⁹ Culture Assessment Data (Nov. 20, 2023).

⁴⁰ Culture Assessment Data (Nov. 20, 2023).

⁴¹ Culture Assessment Data (Nov. 20, 2023).

⁴² Culture Assessment Report at 6, 11 (Apr. 11, 2024); IEB Meeting (Apr. 11, 2024).

⁴³ Outreach to Monitor’s Hotline.

⁴⁴ Outreach to Monitor’s Hotline.

pointed to the actions to withdraw and reassign departments from the Secretary-Treasurer and Vice President as further reasons for concern.⁴⁵

These findings about the state of the Union in 2024 echo key aspects of the Union’s culture in 2021, as reported by the Monitor in the Initial Status Report. In that report, the Monitor observed how the UAW had made some important strides to improve its compliance culture but still needed to take steps to overcome any further continuation of what respondents to the 2021 culture survey also described as a “toxic” or negative culture, in similar proportion to the recent Culture Assessment.⁴⁶

With a comparable portion of Union personnel identifying the same concerns to Internal Audit in 2024 as were reported on in 2021, the Union still has meaningful work to do. To address those ongoing issues, Internal Audit’s Culture Assessment Report made various recommendations to the IEB for reform.⁴⁷ For example, Internal Audit recommended that the IEB take formal steps to address division and silos within the organization, including between the President’s Office and the Secretary-Treasurer’s Office.⁴⁸ Further, Internal Audit recommended that the IEB invest in leadership development training, particularly for IEB members, to help combat perceptions of retaliatory behavior, build a culture of trust, and improve the effective management of personnel.⁴⁹

⁴⁵ On May 29, 2024, the President removed the Stellantis Department from the Vice President responsible for overseeing the Union’s relationship with Stellantis. Monitor’s Ninth Status Report at 9-10; Outreach to Monitor’s Hotline.

⁴⁶ Monitor’s Initial Status Report at 70-73.

⁴⁷ For example, Internal Audit recommended that the Union improve avenues to report ethical concerns, the investigation of those concerns, and measures to address concerns of retaliation. Culture Assessment Report Recs. 2, 3; Monitor Recs. 14, 32, 34. Internal Audit also recommended that the Union implement certain governance controls—such as an annual formal budget process, a formal performance management process, and defined job responsibilities—reinforcing recommendations made by the Monitor in the Initial Status Report. Culture Assessment Report Recs. 5, 7, 8, and 11; Monitor Recs. 9, 12, 17. The Union’s progress related to those recommendations is covered in other sections of this Report.

⁴⁸ Culture Assessment Report at 9 (Apr. 11, 2024).

⁴⁹ Culture Assessment Report at 10, 17 (Apr. 11, 2024).

To improve awareness of reporting avenues and address retaliation concerns, Internal Audit recommended that the Union, among other things, consistently communicate its No Harassment and Discrimination Policy organization-wide, and enlist senior leaders and department heads to reinforce communications on how to report concerns.⁵⁰

Many of Internal Audit's recommendations mirror years-old recommendations from the Monitor's Initial Status Report in 2021 and illustrate that cultural challenges at the Union require more sustained attention of Union leadership. Those recommendations included taking affirmative acts by the President and the IEB, such as hosting an annual All Staff meeting to convey the culture of compliance expected of UAW personnel; making compliance and ethics a standing item on each IEB meeting agenda; and the President sending regular communications to Union staff about compliance and ethics.⁵¹ The purpose of these recommendations was to communicate to Union staff members that compliance with law and policies was a prized value and that no employee should fear speaking up or speaking out about potential violations of policies or unethical conduct. As the Culture Assessment Report shows, those efforts have fallen short and require prompt action by the Union.

⁵⁰ Culture Assessment Report at 11 (Apr. 11, 2024).

⁵¹ Monitor's Initial Status Report at 73-74 (Rec. 1). To encourage a culture in which Union personnel felt more empowered to report concerns without fears of retaliation, the Monitor also recommended in 2021 that Union leadership provide clear, consistent communications about how to report concerns and clearly state that the Union will strictly enforce non-retaliation against a good faith claimant. Monitor's Initial Status Report at 134-136 (Rec. 32). The Monitor recommended that the UAW take a number of measures to back up those communications with actions, including to conduct mandatory training on anti-retaliation and hostile work environments for all International Union personnel, including officials, staff, and clerical employees, Monitor's Initial Status Report at 105 (Rec. 14), and include an explicit non-retaliation statement within a Code of Conduct, among other policy changes, Monitor's Initial Status Report at 140 (Rec. 37).

Importantly, although the Union has made some progress in implementing the Monitor’s culture-focused recommendations,⁵² current Union leadership could do more to reinforce the message. For example, and as discussed in greater detail below, the UAW has not had its annual “Town Hall” or “All Staff” meeting to reinforce the core tenets of the Ethical Practices Code and the culture of compliance expected of each and every member of the UAW since November 2022.⁵³ This type of meeting is particularly important given the number of respondents to the Culture Assessment and reporters to the Monitor’s Hotline—holding both very junior and very senior positions within the Union—who have expressed fear of retaliation for reporting misconduct or compliance concerns.

On April 11, 2024, the IEB voted to “accept” the Culture Assessment Report and, soon thereafter, formally established a “Culture Committee,”⁵⁴ the goal of which is to “determine how to best implement” the recommendations contained in the Culture Assessment Report. The Culture Committee, however, has not yet met, let alone made meaningful progress on its mission.

The Monitor endorses Internal Audit’s recommendations noted above and supports the Union’s creation of a Culture Committee to facilitate acceptance of them and then develop specific action plans to implement them.⁵⁵ Given the current challenges, the Culture Committee should take up its work quickly and set specific deadlines to propose concrete plans to the IEB to decide

⁵² The Union’s steps included revising the Union’s Code of Conduct to include an anti-retaliation section; presenting on the UAW’s anti-retaliation policy at an All Staff meeting; holding mandatory anti-retaliation and anti-harassment and discrimination trainings; and communicating to staff that retaliation will not be tolerated through emails and flyers posted in Solidarity House elevators. UAW Code of Conduct at 6-7; Compliance and Ethics All Staff Meeting Presentation at 41 (Nov. 17, 2022); Meeting with Internal Audit and UAW (Mar. 18, 2024).

⁵³ Monitor’s Initial Status Report at 73-74 (Rec. 1).

⁵⁴ IEB Meeting (Apr. 11, 2024); IEB Meeting (May 1, 2024).

⁵⁵ IEB Meeting (Apr. 11, 2024); IEB Meeting (May 2, 2024).

on and implement Internal Audit's recommendations expeditiously.⁵⁶ The Monitor expects to work collaboratively with the Culture Committee, as other committees have done with the Monitor, to ensure the concerns animating Internal Audit's recommendations are addressed.

Monitor's Recommendation No. 45: To accelerate the pace of cultural reform within the Union, the Monitor recommends that the Culture Committee develop and recommend to the IEB specific plans to implement the recommendations in Internal Audit's Culture Assessment Report within 60 days of this Report.

- **Union's Response:** The membership of the Culture Committee was finalized on May 17, 2024. The Union has set an initial meeting with the Culture Committee for July 23-24, 2024 in Detroit, MI. The Culture Committee's first planned report to the IEB will be at the August 2024 IEB meeting, but it cannot yet determine or commit to the content of that presentation to the IEB. The Union does not believe rushing the work of the Culture Committee to meet the 60-day recommendation is the best approach here and wants the Culture Committee's presentation to be well thought out.
- **Monitor's Reply:** The Monitor appreciates the UAW's response, but the cultural issues demand a more immediate response than a nearly three-month gap between the creation of the Culture Committee by the IEB and its first meeting. Once the Culture Committee holds its initial meeting, the Union should prioritize developing and recommending to the IEB specific plans to implement the recommendations in the Culture Assessment Report. The Union should then work expeditiously to implement the recommendations.

Monitor's Recommendation No. 46: The Monitor joins in and builds on Internal Audit's Culture Assessment Report Recommendation No. 2 to address the fear of retaliation within the Union and build a culture of trust, which should be a top priority of the Culture Committee. In recommending specific plans to implement Culture Assessment Report Recommendation No. 2 to the IEB, the Culture Committee should include in its plans the following actions:

- (a) The IEB should summarize the results of the Culture Assessment and communicate to all Union employees the Union's plan to address the fear of retaliation;
- (b) The Union should implement semi-annual "pulse" surveys of Union employees to assess progress in addressing concerns about retaliation;
- (c) The Union should conduct mandatory training of IEB members and Administrative Assistants on how to address sensitive workplace issues that can contribute to concerns of retaliation.

⁵⁶ There was ambiguity regarding whether the IEB formally accepted the recommendations in the Culture Assessment Report, but the Compliance Director confirmed in response to a draft of this Report that by accepting the Culture Assessment Report, the IEB implicitly adopted the recommendations contained therein.

- **Union’s Response:** The Union agrees with the Monitor’s recommendation. The Union is already in the planning phase of mandatory training for IEB members and is actively training Administrative Assistants and other supervisors on how to address sensitive workplace issues through our “Managing for Change” program.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s quick adoption of this Recommendation and looks forward to working with the Union to implement it.

B. Recent IEB Actions Regarding the Secretary-Treasurer

In February 2024, the Union’s IEB passed a motion “in support of [the President] withdrawing all of the field assignments assigned to the Secretary-Treasurer” that were not constitutionally required to be within her remit and made certain other policy changes in response to allegations that the Secretary-Treasurer had engaged in misconduct while carrying out her financial oversight responsibilities.⁵⁷ The stated basis for those allegations was that the Secretary-Treasurer had abused her authority by improperly delaying and denying financial expense requests by the President’s Office and certain IEB members, and threatened to deny legitimate expense requests if IEB members did not vote in favor of her priorities. In response, the Secretary-Treasurer lodged allegations against the Union’s President that, among other things, those IEB actions were improperly instigated in retaliation for her refusal or reluctance to authorize certain expenditures of funds at the request of and/or for the benefit of those in the President’s Office—and to dilute her power to make similar denials in the future—not in response to any malfeasance on her part.⁵⁸ As described in the Monitor’s Ninth Status Report, the Monitor is in the process of conducting an investigation under the Consent Decree’s mandate to investigate these issues.

⁵⁷ IEB Meeting (Feb. 20, 2024).

⁵⁸ The Secretary-Treasurer has also alleged that she did not receive advance notice of the allegations made against her at the February 2024 IEB meeting. As detailed below, the Secretary-Treasurer has challenged the actions taken against her by filing an appeal under the UAW Constitution and an Ethical Practices Code Complaint with the Public Review Board, both of which remain pending.

Regardless of the outcome of that investigative work, the changes taken by the IEB implicate the Monitor's compliance mandate. As set forth below, the Union did not provide the Monitor with adequate notice of the contemplated actions prior to the February 2024 IEB meeting, and after they were implemented, the Monitor raised questions with the Union about whether it had considered the potential weakening effect the changes could have on the Union's nascent compliance regime, including potentially undermining financial checks and balances derived from an independent Secretary-Treasurer Office.⁵⁹ In response, the UAW General Counsel has stated on behalf of the Union that the changes are "in the best interests of the Union's membership," and do not raise compliance or separation of powers concerns, although the Secretary-Treasurer disputes these positions.⁶⁰

The Monitor will weigh in further on the structural and policy changes after his investigation into the allegations that were cited as the basis for implementing them is complete. In the meantime, given the Union's relatively recent history of financial misconduct at the highest levels—and the immaturity of its compliance regime—the Union and the Monitor must carefully observe whether the February 2024 changes weaken the compliance controls that the Union is otherwise working to build.

Further discussion of these issues is set forth below.

⁵⁹ Letter from Monitor to Union (Apr. 3, 2024).

⁶⁰ Letter from Union to Monitor (Apr. 17, 2024). The President and UAW General Counsel also took the position that the UAW Constitution permitted the President and the IEB to make the changes that occurred in February. The Secretary-Treasurer disputes this position. The Monitor understands that the President and UAW General Counsel's position is currently subject to a Union appeals process, and the Monitor makes no comment on the merits of either side of that issue.

1. Changes Made at the February 20, 2024 IEB Meeting

At the February 20, 2024 IEB meeting, the Compliance Director orally delivered a “Special Compliance Report” to the IEB, which accused the Secretary-Treasurer of certain misconduct, which the Secretary-Treasurer has since denied and is the subject of the Monitor’s ongoing investigation.⁶¹ Based on the Special Compliance Report, the Compliance Director recommended changes to the policy framework in place at the Union. In particular, she recommended that the IEB revise the UAW Policy Framework (“Policy Framework”)—the process by which the Union reviews and approves revisions to its policies and procedures—in order to: (i) remove the requirement that the President or Secretary-Treasurer approve proposed changes to policies within their functional areas before the policies are submitted to the IEB for approval; and instead (ii) vest the Compliance Director with authority to approve proposed changes to Union policies for submission to the IEB for final approval, even if those changes are to policies within the Secretary-Treasurer’s functional area.⁶² The IEB approved those recommendations.⁶³ The IEB also approved certain expense activities under the UAW Travel and Expense Reimbursement Policy (“T&E Policy”), including increased spending limits, enhanced credit cards for certain officials in the President’s Office, and policy exception requests that the Secretary-Treasurer previously rejected.⁶⁴

After that, an IEB member made a “motion in support of [the President] withdrawing all of the field assignments assigned to the Secretary-Treasurer” that were not constitutionally

⁶¹ IEB Meeting (Feb. 20, 2024).

⁶² IEB Meeting (Feb. 20, 2024); Letter from Monitor to UAW (Apr. 3, 2024).

⁶³ IEB Meeting (Feb. 20, 2024).

⁶⁴ IEB Meeting (Feb. 20, 2024).

required to be within her remit.⁶⁵ The motion carried.⁶⁶ Several days later, the President reassigned nine departments from the Secretary-Treasurer's Office to the President's Office, including the Purchasing Department and ITS Department, and two departments from the Secretary-Treasurer's Office to Regional Directors.⁶⁷

The Secretary-Treasurer has denied all allegations of wrongdoing and has filed formal appeals of the structural changes approved and subsequently imposed in February 2024.⁶⁸ In addition, the Secretary-Treasurer lodged a complaint with the Monitor about these actions and others, including allegations that organizational changes were taken at the instigation of the President and those under his direction in retaliation against the Secretary-Treasurer and her staff because of their enforcement of UAW policies imposing internal financial controls.⁶⁹

The Monitor is in the process of investigating the competing claims of misconduct and that investigation remains ongoing. No aspect of this Report is intended to opine on or prejudge the outcome of that open investigation, nor should it be read as to favor one version of the events or the other. At this stage, it is important to emphasize, as stated in the Ninth Status Report, that the allegations are just allegations. They prove nothing in themselves, and nothing in this Report should be construed as reaching any conclusion about possible charges, if any, for suspected misconduct.

⁶⁵ IEB Meeting (Feb. 20, 2024).

⁶⁶ IEB Meeting (Feb. 20, 2024).

⁶⁷ The departments reassigned to the President's Office include the Purchasing, ITS, Printshop, Warehouse, Benefits and Pensions, Auto/Labor Leader Insurance, Properties Maintenance, and UBC, Properties Departments. President's Office Organizational Chart (Feb. 23, 2024). In addition, the Technical Office & Professional Department was reassigned to the Region 1A Director and the Women's Department to the Region 1 Director.

⁶⁸ Secretary-Treasurer Appeal to IEB (Mar. 21, 2024); Secretary-Treasurer Appeal to Convention Appeals Committee (Mar. 21, 2024); Secretary-Treasurer's Ethical Practices Code Complaint to the Public Review Board (Apr. 14, 2024).

⁶⁹ Letter from Monitor to Union (Feb. 29, 2024).

2. Process Concerns Relating to the February 2024 Changes

As a matter of process, when the Union made the structural and policy changes in February 2024, it had not provided the Monitor with adequate notice of the significant changes it planned to undertake.⁷⁰

As discussed in the Monitor's Initial Status Report, the Union initially struggled to be fully transparent with the Monitor about critical compliance related information.⁷¹ Subsequently, the Monitor reported that the Union had adopted a more transparent and cooperative posture that included practices to share information with and solicit input from the Monitor on compliance and investigative topics within the Monitor's jurisdiction.⁷² In the lead-up to the February 20, 2024 IEB meeting, however, the Union departed from those prior practices. After that meeting, the Monitor issued a letter to the Union clarifying his expectations regarding notice going forward and made several recommendations which, if adopted and followed, will help prevent any potential lapses from recurring.⁷³ Those recommendations were as follows:

Monitor's Recommendation No. 41: Prior to presentation to the IEB or implementation (whichever is earlier), the Union should provide at least seven days' advance written notice to the Monitor of any proposed new policies or changes to existing policies, proposed new procedures or changes to existing procedures (including new or revised Administrative Letters), and proposed new programs relevant to the Monitor's mandate or recommendations. For changes to existing policies or procedures, the Union should provide the Monitor with a redline draft showing the

⁷⁰ The UAW's General Counsel and Compliance Director dispute the Monitor's position that the Union did not provide the Monitor with adequate notice prior to these changes, claiming that they provided some form of oral notice. Letter from Union to Monitor (Mar. 11, 2024). Although irrelevant to the recommendation included herein, the Monitor disagrees that such notice was provided, and that even if it had been, it did not meet the Monitor's transparency expectations or the Union's prior practice. The Secretary-Treasurer further asserts that she also did not receive notice of the allegations made against her at the February 20, 2024 IEB meeting.

⁷¹ Monitor's Initial Status Report at 77-82.

⁷² Monitor's Third Status Report, *United States v. Int'l Union, United Auto., Aerospace & Agric. Implement Workers of Am.* (July 19, 2022), Civil No. 20-cv-13293, ECF No. 77 at 20-22 ("Monitor's Third Status Report").

⁷³ Letter from Monitor to Union (Mar. 26, 2024).

changes. The Union should also provide an explanation of the reason for the proposed new or changed policies, procedures, or programs. This recommendation should be construed broadly so as to avoid any further miscommunications.

- **Union's Response:** Key International Union staff have day-to-day interactions with the monitor's team and regularly work with them on committees that deal with issues raised in recommendations 41-44. The Union will consider these recommendations but would first like to meet with the monitor's team and other stakeholders to discuss how best to meet the parties' mutual goals and expectations going forward.
- **Monitor's Reply:** The Monitor stands by this recommendation and believes it is crucial to assure necessary transparency from the Union to the Monitor. Moreover, absent a formal notification process the Union risks adopting policy or other changes that have not been adequately reviewed by the Monitor. This recommendation was made more than three months ago, giving the Union ample time to consider it.

Monitor's Recommendation No. 42: The Union should provide at least seven days' advance written notice to the Monitor of any proposal to make structural changes to the organization of the International Union that may impact the Monitor's mandate under the Consent Decree. This should include the precise language setting out the structural change, as well as an explanation of the reasons for the change. This recommendation should be construed broadly so as to avoid any further miscommunications.

- **Union's Response:** Key International Union staff have day-to-day interactions with the monitor's team and regularly work with them on committees that deal with issues raised in recommendations 41-44. The Union will consider these recommendations but would first like to meet with the monitor's team and other stakeholders to discuss how best to meet the parties' mutual goals and expectations going forward.
- **Monitor's Reply:** The Monitor stands by this recommendation and believes it is crucial to assure necessary transparency from the Union to the Monitor. Moreover, absent a formal notification process the Union risks making structural changes to the organization of the International Union that have not been adequately reviewed by the Monitor. This recommendation was made more than three months ago, giving the Union ample time to consider it.

Monitor's Recommendation No. 43: The Union should notify the Monitor in writing of any investigations it intends to conduct that are relevant to the Monitor's mandate, and refrain from conducting such investigations unless and until the Monitor agrees that the Union can move forward. For such approved investigations, the Union should provide the Monitor with regular updates and advance drafts of any written conclusions or proposed remedial actions. This recommendation should be construed broadly so as to avoid any further miscommunications.

- **Union's Response:** Key International Union staff have day-to-day interactions with the monitor's team and regularly work with them on committees that deal with issues raised in recommendations 41-44. The Union will consider these recommendations but would first like

to meet with the monitor's team and other stakeholders to discuss how best to meet the parties' mutual goals and expectations going forward.

- **Monitor's Reply:** The Monitor stands by this recommendation and believes it is crucial to assure necessary transparency from the Union to the Monitor. Moreover, absent a formal notification process the Union risks proceeding with investigations that have not been adequately vetted by the Monitor, in potential violation of the Consent Decree. This recommendation was made more than three months ago, giving the Union ample time to consider it.

Monitor's Recommendation No. 44: The Union should provide at least seven days' advance written notice to the Monitor of any action items that the IEB will be asked to approve that are relevant to the Monitor's mandate under the Consent Decree, including the reason the action item will be presented to the IEB. This recommendation should be construed broadly so as to avoid any further miscommunications.

- **Union's Response:** Key International Union staff have day-to-day interactions with the monitor's team and regularly work with them on committees that deal with issues raised in recommendations 41-44. The Union will consider these recommendations but would first like to meet with the monitor's team and other stakeholders to discuss how best to meet the parties' mutual goals and expectations going forward.
- **Monitor's Reply:** The Monitor stands by this recommendation and believes it is crucial to assure necessary transparency from the Union to the Monitor. Moreover, absent a formal notification process the Union risks approving actions that have not been adequately reviewed by the Monitor. This recommendation was made more than three months ago, giving the Union ample time to consider it.

3. The Monitor's Observations Regarding the February 2024 Changes and the Union's Position

In response to the actions at the February 20, 2024 IEB meeting, the Monitor separately raised questions with the Union about whether and to what extent it had considered how the structural and policy changes it made could adversely affect the compliance regime at the Union. In particular, in a letter to its General Counsel on April 3, 2024, the Monitor requested information from the Union to help the Monitor evaluate those concerns about the IEB's actions.⁷⁴ On April

⁷⁴ Letter from Monitor to Union (Apr. 3, 2024).

17, 2024, the Union responded to a series of questions setting forth the Union's position about the compliance impacts of the changes.⁷⁵

The Monitor will not make any recommendations regarding the changes until his investigation is complete. But, as outlined below, the Monitor has identified several areas over which the Union will need to remain vigilant, at least until any such recommendations are made.

a. Structural Changes

As described in the Monitor's Initial Status Report, the Union's not-so-distant history was characterized by a culture of fear and reprisal in which reports of misconduct were ignored by top Union officials, and the Union's top leaders actively undermined compliance controls intended to prevent financial malfeasance.⁷⁶ In the period leading up to the Consent Decree, certain former senior officials holding positions of authority, including Regional Directors, the Secretary-Treasurer, and two Presidents, personally enriched themselves and others with stolen Union funds, including through months-long stays in Palm Springs, golf outings, and expensive restaurant meals.⁷⁷ Among their crimes, senior officials also perpetrated fraud and embezzlement when they took advantage of a lax vendor selection process to obtain kickbacks from vendors in exchange for awarding the vendors inflated contracts.⁷⁸

At the time of the Monitor's Initial Status Report, the UAW still lacked basic institutional safeguards—like a dedicated compliance function, an unconflicted internal audit function, governance tools, and adequate internal financial controls—that, at a minimum, would have made

⁷⁵ Letter from Union to Monitor (Apr. 17, 2024).

⁷⁶ Monitor's Initial Status Report at 25-34, 63-67.

⁷⁷ Monitor's Initial Status Report at 25-31.

⁷⁸ Monitor's Initial Status Report at 39-42, 120-25.

it more difficult for the former UAW officials to abuse their offices.⁷⁹ The importance of remedying those gaps was, and remains, foundational to the Union's ability to ensure that its compliance regime can prevent and remove fraud and corruption. As the Monitor wrote at the time:

Any institution—whether a private or public corporation, a not-for-profit, or a political organization—benefits from checks and balances on those in positions of power. Such checks and balances are all the more critical when an organization relies principally on, and is entrusted with, the financial contributions of its members. The UAW's recent history illustrates how the Union's commitment to an ethical and compliant culture can rise and fall on the personal predilections of those in leadership.⁸⁰

In the Initial Status Report, the Monitor made recommendations to embed a system of organizational checks and balances within the Union and basic structural safeguards to prevent the kind of historical abuses that led to the Consent Decree. The Monitor also made recommendations to centralize certain activities that had been prone to abuse, and to give the newly formed Compliance and Ethics Committee greater oversight of certain financial activities.⁸¹

Although the Union accepted almost all the Monitor's recommendations and has made progress in implementing many of them, these structural improvements are recent and still have not fully taken root in the organization. Other important financial controls, including implementation of the Procurement Policy and the IT systems necessary to support it, have not yet been completed, as discussed further below.

The IEB's and President's February 2024 structural changes should be considered in the context of this recent history and the nascency of the Union's compliance efforts. An organization with a less troublesome past, and more mature compliance controls, might implement sweeping

⁷⁹ Monitor's Initial Status Report at 89-90.

⁸⁰ Monitor's Initial Status Report at 74.

⁸¹ Monitor's Initial Status Report at 115, n.482, 119-20 (Rec. 22).

structural changes that consolidate functions under the President's Office without concern for how they could negatively affect the strength of checks on financial misconduct or the willingness of employees to speak out about misconduct. Here, however, the Union's recent history, along with the persistent belief of some within the Union that speaking out about misconduct by senior officials will result in retaliation, counsels more caution, and should lead the UAW to be cognizant of the risks attendant to the amalgamation of such authority.

For example, the shift in assignment away from the Secretary-Treasurer includes at least one Department—Purchasing—that has significant financial responsibilities at the center of the Union's efforts to improve its financial controls. Among its responsibilities, the Purchasing Department conducts due diligence on potential vendor relationships and identifies and escalates potential conflicts of interest between vendors and Union officials.⁸² Given the historical financial misconduct by senior Union officials, the cultural issues that still persist at the Union, and compliance reforms the Union has yet to fully implement, transferring the Purchasing Department to the President's Office could potentially weaken, rather than strengthen, checks and balances on the President's Office's authority.

Outreach to the Monitor's Hotline underscores the potential risks in this area. For example, Union personnel of varying degrees of seniority have informed the Monitor that they fear retribution for raising concerns about abuses of authority, reporting that the President's Office may seek to fire, transfer, or otherwise punish those who speak out against alleged abuses, pointing to the recent actions with respect to the Secretary-Treasurer and Vice President, referenced above,

⁸² Monitor's Initial Status Report at 62, 122-124; UAW Vendor Due Diligence Process Documentation at 4 (Apr. 25, 2022); UAW Vendor Selection Process Documentation at 3-4 (Apr. 25, 2022).

as a reason for their concern.⁸³ Such complaints corroborate Internal Audit's finding that a culture of fear persists across portions of the Union's staff.⁸⁴

If Union employees within the Purchasing Department or other transferred departments share these fears of retaliation, it may impact the effectiveness of their work. For example, departments in the President's Office utilize vendors on a frequent basis and seek to contract with vendors for a variety of activities. The Purchasing Department is responsible for reviewing competitive bids, approving vendors, and ensuring any additional approvals are obtained. Under the previous regime, with Purchasing sitting under the Secretary-Treasurer, if the President's Office wanted to onboard a vendor after a competitive bidding process, it would need approval of the Secretary-Treasurer's Office for the selected vendor. Now, the Secretary-Treasurer only becomes involved if the President's Office and the Purchasing Department disagree on which vendor to select.⁸⁵ However, because the Purchasing Department now reports to the President, its personnel may be more reluctant to escalate such a disagreement to the Secretary-Treasurer.

That is not to say that there are currently no checks in place, particularly given Internal Audit's periodic audits of compliance with vendor policies and procedures.⁸⁶ But, given the historical challenges the Union has faced, the Union should observe carefully whether the consolidation of authority—particularly over the Purchasing Department, which houses significant financial activity—may increase the risk that shortcuts are taken, or that checks and controls are less likely to be observed.

⁸³ Outreach to Monitor's Hotline.

⁸⁴ Culture Assessment Report at 10 (Apr. 11, 2024).

⁸⁵ UAW Vendor Selection Process Documentation (Apr. 25, 2022).

⁸⁶ Vendor Selection and Due Diligence Internal Audit Report (Feb. 21, 2024).

b. Policy Framework Changes

As noted above, at the February 20, 2024 IEB meeting, the Union also made changes to certain policies that removed authority from the Secretary-Treasurer. In one of those changes, the IEB removed both the President and the Secretary-Treasurer from the process of approving proposed policy changes prior to IEB consideration in favor of the Compliance Director.⁸⁷ The IEB amended the Policy Framework to: (i) remove the requirement that the Secretary-Treasurer or the President approve proposed changes to policies within their functional areas before the policies are submitted to the IEB for approval; and instead (ii) vest the Compliance Director with authority to approve proposed changes to Union policies for submission to the IEB for final approval, even if those changes are to policies within the Secretary-Treasurer's functional area.⁸⁸

Removing the Secretary-Treasurer's authority over changes to policies and procedures within her scope of responsibility—and instead putting proposed changes directly to the IEB—potentially impacts financial oversight. The Secretary-Treasurer's Office oversees a wide range of financial activity within the Union and corresponding policies and procedures to control that activity. Among its responsibilities, the Secretary-Treasurer's Office oversees accounts payable, certain financial investment activity, accounting transactions for political action committees, month-end financial close and reporting, expenses related to events, and other financial activities.⁸⁹ Each of these areas of focus has a range of corresponding policies and procedures—some of which are highly technical, and which senior personnel within the Secretary-Treasurer's Office have helped develop, implement, and execute within the Union. As the elected Union official with oversight of those activities, the Secretary-Treasurer would be an appropriate “first stop” to

⁸⁷ Revised Policy Framework ¶¶ 10-11 (Feb. 20, 2024).

⁸⁸ Revised Policy Framework ¶¶ 10-11 (Feb. 20, 2024).

⁸⁹ Secretary-Treasurer Office Organizational Chart (Feb. 27, 2024).

consider proposed changes to those policies and procedures and present them to the IEB for review and approval.⁹⁰ Removing the Secretary-Treasurer's authority to perform that role, and providing it to the Compliance Director (who sits in the President's Office), has the effect of concentrating decision-making authority in one Office rather than diffusing that responsibility among multiple elected institutional leaders.

This is in no way a criticism of the Compliance Director. The Union has justified these changes based in part on its view of the Compliance Director as "the subject matter expert" who is "responsible to monitor compliance with all the policies of the International Union."⁹¹ The Union views the Compliance Director as the best person within the Union to review and approve proposed changes to policies, because she "has a professional duty to operate independently outside of the political structure of the Union."⁹² As additional safeguards, the Policy Framework already required the General Counsel "who has the duty to represent the organization as opposed to any individual officer," to review and approve new policies or proposed changes to policies before they are presented to the IEB.⁹³ And the Union views the entire IEB, including the Secretary-Treasurer, as "part of the deliberations, debate and discussion about any proposed policy change. That is the true check and balance created by the Constitution."⁹⁴

To be sure, the Compliance Director performs a very critical role in overseeing the implementation of an ethics and compliance program within the Union and is an expert on many of the policies. But as described above, the Secretary-Treasurer's Office oversees a suite of

⁹⁰ Letter from Monitor to Union (Apr. 3, 2024).

⁹¹ Letter from Union to Monitor (Apr. 17, 2024).

⁹² Letter from Union to Monitor (Apr. 17, 2024).

⁹³ Letter from Union to Monitor (Apr. 17, 2024); Revised Policy Framework ¶¶ 10-11 (Feb. 20, 2024).

⁹⁴ Letter from Union to Monitor (Apr. 17, 2024).

complex financial accounting policies and activity.⁹⁵ Key subject matter experts on those policies include personnel within the Secretary-Treasurer's Office who helped develop those policies and adhere to them as part of their day-to-day responsibilities. Removing from the Secretary-Treasurer her role in weighing in on policies runs the risk of diluting subject matter expertise from the process.

c. Expense Approval and Credit Card Limit Changes

The Union's T&E Policy assigns the Secretary-Treasurer responsibility "for approving Corporate Card account changes" such as adjusting credit limits or changing card access.⁹⁶ One of the allegations made during the February 20, 2024 meeting was that the Secretary-Treasurer had improperly denied or slowed approval for such credit limit adjustments or cards. Over the Secretary-Treasurer's objections, the IEB amended the T&E Policy to, among other things, increase the credit card spending limit to \$12,000 for employees in Organizing and Communications, both departments within the President's Office.⁹⁷ The IEB also approved "enhanced" corporate credit cards to certain senior-level staff in the President's Office that the Secretary-Treasurer had not yet approved.⁹⁸

This is another area in which the Union must tread carefully. The Initial Status Report observed that former UAW officials pled guilty to a series of crimes wherein they apparently took advantage of gaps in the UAW's expenditures policies and systems to enrich themselves.⁹⁹ Among other things, the Monitor identified the increased risks associated with "enhanced" corporate cards,

⁹⁵ Secretary-Treasurer Office Organizational Chart (Feb. 27, 2024).

⁹⁶ Revised T&E Policy ¶ 26 (Feb. 20, 2024).

⁹⁷ IEB Meeting (Feb. 20, 2024); Letter from Monitor to Union (Apr. 3, 2024); Outreach to Monitor's Hotline.

⁹⁸ IEB Meeting (Feb. 20, 2024); Letter from Monitor to Union (Apr. 3, 2024).

⁹⁹ Monitor's Initial Status Report at 89, 113-114.

precisely because of their higher credit limits and their permitted uses, which includes business meals and alcohol without prior approval, and business entertainment with prior approval.¹⁰⁰ The Union's T&E Policy, both in its structure and in its restrictions, was one of several policies implemented in order to prevent the prior historical abuses from repeating.¹⁰¹

In support of the IEB's actions, the Union explained that it does not regard its actions as impacting "any check and balance," but instead the change was "essentially an appeal to the full IEB" to address specific issues regarding credit card usage and spending limits.¹⁰² The Union explained that "the [T&E] [P]olicy custodian remains the Director of Accounting who reports to the Secretary-Treasurer."¹⁰³

The Monitor agrees that from a procedural perspective the appropriate response to disagreement with the Secretary-Treasurer's decision about credit card usage and spending limits is an appeal of that decision to the IEB. In the instant matter, however, the Monitor defers any potential recommendation regarding the specific actions taken by the IEB until his investigation into these matters has concluded.

C. Compliance Function

As discussed in the Monitor's prior reports, the Union historically had no compliance function, a gap identified by the Union's own consultants in 2020.¹⁰⁴ In the Initial Status Report, the Monitor described why a dedicated, resourced, and skilled compliance function could advance the Union's efforts toward a more compliance-minded and ethical culture.¹⁰⁵ For example, a strong

¹⁰⁰ Monitor's Initial Status Report at 116; Revised T&E Policy ¶¶ 84-89, 91-96.

¹⁰¹ Monitor's Initial Status Report at 113-117.

¹⁰² Letter from Union to Monitor (Apr. 17, 2024).

¹⁰³ Letter from Union to Monitor (Apr. 17, 2024).

¹⁰⁴ Monitor's Initial Status Report at 75.

¹⁰⁵ Monitor's Initial Status Report at 74-75.

compliance function helps safeguard members' dues,¹⁰⁶ identify potential compliance weaknesses before they turn into significant problems,¹⁰⁷ detect criminal activity, and can hold staff and leadership accountable for compliance with newly implemented policies.¹⁰⁸ The Monitor observed that the UAW's "recent history illustrates how the Union's commitment to an ethical and compliant culture can rise and fall on the personal predilections of those in leadership," and that compliance officers can "help serve as an independent safeguard of members' hard-earned dues."¹⁰⁹

Given those observations, the Monitor recommended that the UAW create an appropriately resourced Compliance function led by a Compliance Director with the authority and autonomy to drive the Union's adherence to applicable rules and regulations.¹¹⁰ To help establish the authority and stature of the new Compliance Director role, the Monitor recommended that the Compliance Department report to the President's Office.¹¹¹ To further guard against undue political influence, the Monitor also recommended that the Union create a Compliance and Ethics Committee (discussed further below), which would be led by the Compliance Director and "should have autonomy and a direct reporting line to the IEB with overall responsibility to prevent or correct corruption and unethical behavior."¹¹²

¹⁰⁶ Monitor's Initial Status Report at 74.

¹⁰⁷ Monitor's Initial Status Report at 74-75.

¹⁰⁸ Monitor's Initial Status Report at 74-75, 89-91.

¹⁰⁹ Monitor's Initial Status Report at 74.

¹¹⁰ Monitor's Initial Status Report at 83 (Recs. 3 and 4) (the Monitor recommended that the UAW equip the Compliance Director with "adequate authority and autonomy ... to make meaningful decisions").

¹¹¹ Monitor's Initial Status Report at 83 (Recs. 3 and 4).

¹¹² Monitor's Initial Status Report at 83-84 (Rec. 6).

The Monitor also recommended that the Compliance Department perform certain responsibilities intended to mitigate the risk of financial crimes.¹¹³ Those responsibilities include periodic reviews of higher risk financial transactions,¹¹⁴ oversight of compliance and ethics training on key policies and procedures,¹¹⁵ regular communications with Union leadership and staff on compliance and ethics topics,¹¹⁶ and support for the investigation and remediation of compliance and ethics issues.¹¹⁷

Since the Initial Status Report, the Union has made demonstrable progress in implementing the Monitor's recommendations. In September 2022, the Union hired a Compliance Director and established a Compliance Department that reports to the UAW President.¹¹⁸

During her short tenure, the Compliance Director has made commendable strides in performing her responsibilities. For example, the Compliance Director has conducted trainings, including in-person at the last All Staff meeting in November 2022 and mandatory training for all new hires on a variety of ethics and compliance related topics. These trainings cover an array of topics, such as the Code of Conduct (including the UAW's anti-retaliation policy), Anti-Nepotism Policy, Anti-Bribery and Corruption Policy, and the Union's Policy on Conference and Event Planning ("Conference Policy").¹¹⁹ Led by the Compliance Director, the Union has taken

¹¹³ Monitor's Initial Status Report at 73-74, 105, 119, 124, 128, 137 (Recs. 1(c), 15, 20, 21, 26, 29, 34).

¹¹⁴ Monitor's Initial Status Report at 119, 124, 128 (Recs. 20, 21, 26, 29).

¹¹⁵ Monitor's Initial Status Report at 105 (Rec. 15).

¹¹⁶ Monitor's Initial Status Report at 73-74 (Rec. 1(c)).

¹¹⁷ Monitor's Initial Status Report at 137 (Rec. 34).

¹¹⁸ For a short period of time, the Compliance Director was supervised by the Union's General Counsel (from approximately September 2022 until June 2023); but after a vacancy in the General Counsel role in late June 2023, the Compliance Director began reporting directly to the President, a structure that remains in place as of the date of this Report. Meeting with Compliance Director (Oct. 24, 2023); Meeting with Compliance Director (Dec. 20, 2022).

¹¹⁹ UAW Managing for Change Program Training (Apr. 16, 2024); Meeting with Compliance Director (Oct. 24, 2023); Compliance and Ethics All Staff Meeting Presentation at 41 (Nov. 17, 2022).

affirmative steps to try to educate staff that retaliation is not acceptable under the UAW’s policies, including by revising the Union’s Code of Conduct to include an anti-retaliation section, holding mandatory anti-harassment and discrimination trainings, communicating compliance and ethics updates, and reiterating avenues for reporting misconduct with flyers posted throughout the Union’s headquarters.¹²⁰ The Compliance Director has conducted periodic monitoring of compliance risk areas, including quarterly review of significant travel and entertainment expenses,¹²¹ and has played an integral role in receiving, tracking, and investigating reports of compliance concerns.¹²² A table of the Union’s progress with regard to the Monitor’s numerous recommendations—which are largely overseen by the Compliance Director—is included as Exhibit A.

Despite these important achievements, as of the date of this Report, there are key areas where implementation of the Monitor’s compliance recommendations has stalled. For example:

- In response to Recommendation No. 1(c) (communicate regular compliance updates and ethics messaging), the Compliance Director has not yet established a regular cadence of compliance update emails—though she has expressed her intent to send updates at least quarterly moving forward.¹²³
- In response to Recommendation No. 5 (develop and conduct a periodic risk assessment of the Union), the Compliance Director intends to conduct

¹²⁰ Meeting with Internal Audit and UAW (Mar. 18, 2024); UAW Code of Conduct at 6-7; Compliance Update (Dec. 12, 2022); Compliance Update (Mar. 8, 2023); Compliance Update (Apr. 27, 2023); Compliance Update (Aug. 22, 2023); Compliance Update (Sept. 27, 2023); Compliance Update (Dec. 18, 2023); Compliance Update (May 23, 2024).

¹²¹ Meeting with Compliance Director (Apr. 29, 2024); IEB Meeting (Feb. 20, 2024).

¹²² Meeting with Compliance Director (Oct. 24, 2023).

¹²³ Compliance Update (Dec. 12, 2022); Compliance Update (Mar. 8, 2023); Compliance Update (Apr. 27, 2023); Compliance Update (Aug. 22, 2023); Compliance Update (Sept. 27, 2023); Compliance Update (Dec. 18, 2023); Compliance Update (May 23, 2024). Recommendation 1(c) also contemplated that the President and the former Ethics Officer would similarly communicate regular compliance updates and ethics messaging—this has not occurred. As to the Ethics Officer, that position has been vacant for approximately one year, though the UAW has named an Ethics Officer and is working through onboarding that individual.

periodic risk assessments separate from those conducted by Internal Audit, but thus far has reported not having the resources to do so.

- In response to Recommendation No. 15 (provide and track specific additional training for certain groups within the Union), the Compliance Director and Staff Development Department have implemented periodic compliance trainings and a process to track those trainings, though the Union has not yet instituted a specified cadence of in-person compliance trainings.¹²⁴ The Compliance Director has expressed that “timing and resources” have been the main barrier to implementing formal annual in-person compliance trainings.¹²⁵
- Consistent with Recommendation No. 40 (approval for certain conference expenditures), the Compliance Director has observed some Union conferences to assess compliance with the Union’s Conference Policy.¹²⁶ However, the Compliance Director has indicated that additional staffing is necessary to observe more Union conferences and monitor compliance with the Conference Policy on a regular cadence.¹²⁷

As these challenges reflect, the Compliance Department does not yet have sufficient resources to carry out all its responsibilities in a sustainable way. Since its inception, the Compliance Department has consisted of only the Compliance Director and one secretary, with assistance from a legal assistant.¹²⁸ In February 2024, the Compliance Director requested and received approval for two additional administrative staff for the Compliance Department to provide support and perform analysis.¹²⁹ In April 2024, the Compliance Director publicly posted the two Compliance Analyst positions, and in May 2024, the Compliance Director filled one of

¹²⁴ Meeting with Compliance Director (Oct. 24, 2023).

¹²⁵ Meeting with Compliance Director (Oct. 24, 2023).

¹²⁶ Meeting with Compliance Director (Apr. 29, 2024).

¹²⁷ Meeting with Compliance Director (Apr. 29, 2024).

¹²⁸ Meeting with Compliance Director (Dec. 20, 2022); Meeting with Compliance Director (Oct. 24, 2023).

¹²⁹ Proposal for Additional Compliance Department Personnel (Feb. 6, 2024); IEB Meeting (Feb. 22, 2024).

these positions.¹³⁰ The Union should continue to act with urgency to fill the remaining Compliance Analyst position.

The implementation of a Compliance Department is a milestone for the Union, but if that Department is not sufficiently resourced it will not be able to fulfill its mission. The Monitor will continue to assess the resources committed to support the Compliance Director and will make any needed recommendations.

D. Compliance and Ethics Committee

To help instill and sustain a more compliance-minded culture within the UAW, the Monitor recommended that the UAW establish a Compliance and Ethics Committee (“CEC”) headed by the Compliance Director.¹³¹ The Monitor recommended that the committee include stakeholders from key functions within the Union, including Legal, Human Resources, Internal Audit, key senior staff, and other members of the UAW.¹³² In recommending the formation of the CEC, the Monitor emphasized that the CEC “should have autonomy and a direct reporting line to the IEB with overall responsibility to prevent or correct corruption and unethical behavior.”¹³³ Among its responsibilities, the Monitor recommended that the CEC drive the Union’s efforts to implement compliance reforms, whether recommended by the Monitor or by the Union’s other consultants.¹³⁴ The Monitor also recommended that the CEC serve as the dedicated forum to discuss—and raise to the IEB—existing and emerging compliance risk areas, potential violations of the Union’s

¹³⁰ Job Posting, Compliance Analyst (F&A) (Apr. 18, 2024); Job Posting, Compliance Analyst (Policy) (Apr. 18, 2024).

¹³¹ Monitor’s Initial Status Report at 83-84 (Rec. 6). This recommendation built on a recommendation previously made by one of the Union’s outside consultants.

¹³² Monitor’s Initial Status Report at 83-84 (Rec. 6).

¹³³ Monitor’s Initial Status Report at 84 (Rec. 6).

¹³⁴ Monitor’s Initial Status Report at 84 (Rec. 6).

policies and applicable laws and regulations, the results of recent audits, and other compliance and ethics-related issues.¹³⁵

The Union formalized and approved the governing documents for the CEC in November 2022,¹³⁶ a year after the Monitor's Initial Status Report. Pursuant to the CEC's governing documents:

- The stated purpose of the CEC is to elevate compliance and ethics issues to the Union's leadership, where they can be discussed, addressed, and resolved through meaningful and sustainable changes.¹³⁷
- The Compliance Director leads the CEC, which also includes the (1) UAW General Counsel, (2) Head of Human Resources, (3) Chief of Staff to the President,¹³⁸ and (4) Executive Administrative Assistant to the Secretary-Treasurer.¹³⁹
- The CEC will meet at least quarterly, with minutes and attendance taken, and report directly to the IEB; the Compliance Director will present on the work of the committee to the IEB at least quarterly.¹⁴⁰

¹³⁵ Monitor's Initial Status Report at 84 (Rec. 6).

¹³⁶ Compliance and Ethics Committee Draft Terms of Reference (Action Plan 1.7) (Nov. 14, 2022); Meeting with UAW (Nov. 14, 2022); IEB Meeting (Nov. 16, 2022).

¹³⁷ Compliance and Ethics Committee Draft Terms of Reference (Action Plan 1.7) (Nov. 14, 2022).

¹³⁸ Compliance and Ethics Committee Draft Terms of Reference (Action Plan 1.7) (Nov. 14, 2022). The current President does not have a Chief of Staff, so a Top Administrative Assistant to the President represents the President's Office on the CEC.

¹³⁹ Compliance and Ethics Committee Draft Terms of Reference (Action Plan 1.7) (Nov. 14, 2022); IEB meeting (Nov. 16, 2022). The one change to the membership of the CEC, as compared to the Monitor's original recommendation, was removing the Head of Internal Audit and the former Ethics Officer since they are external to the Union. Meeting with UAW (Nov. 14, 2022).

¹⁴⁰ Compliance and Ethics Committee Draft Terms of Reference (Action Plan 1.7) (Nov. 14, 2022).

The CEC convened its first meeting in February 2023,¹⁴¹ and subsequently held meetings on April 26, 2023, August 16, 2023, September 12, 2023, November 17, 2023, and April 22, 2024.¹⁴²

The act of standing up the CEC is an achievement for the Union and, as reflected in the Culture Assessment, has been positively received by the Union's employees as a sign of the Union's commitment to compliance and ethics. Based on the Monitor's observations of the CEC meetings and discussions with the Compliance Director, however, the CEC is not yet functioning as a governance committee that drives the Union's compliance and ethics program. In the words of one CEC member, the CEC is "not getting anything done."¹⁴³ The CEC's meetings generally focus on a handful of discrete agenda items, such as results of recent audits or review of the President's and Secretary-Treasurer's expenses,¹⁴⁴ and the discussion is largely carried by the Compliance Director with little contribution from other committee members.¹⁴⁵ Although the CEC has discussed and addressed certain compliance items, like exceptions to the T&E Policy,¹⁴⁶ the CEC has not yet engaged in meaningful discussion about compliance and ethics risk areas, trends, or cultural challenges within the Union, despite opportunities to do so.

¹⁴¹ Meeting with Compliance Director (Dec. 20, 2022); Compliance and Ethics Committee Meeting (Apr. 26, 2023); Compliance and Ethics Committee Meeting (Aug. 16, 2023); Compliance and Ethics Committee Meeting (Sept. 12, 2023); Compliance and Ethics Committee Meeting (Nov. 17, 2023); Compliance and Ethics Committee Meeting (Apr. 22, 2024).

¹⁴² Meeting with Compliance Director (Dec. 20, 2022); Compliance and Ethics Committee Meeting (Apr. 26, 2023); Compliance and Ethics Committee Meeting (Aug. 16, 2023); Compliance and Ethics Committee Meeting (Sept. 12, 2023); Compliance and Ethics Committee Meeting (Nov. 17, 2023); Compliance and Ethics Committee Meeting (April 22, 2024). The CEC did not meet in advance of the February 2024 IEB meeting.

¹⁴³ Meeting with UAW (Apr. 29, 2024).

¹⁴⁴ Compliance and Ethics Committee Meeting Agenda (Apr. 22, 2024); Compliance and Ethics Committee Meeting Agenda (Nov. 17, 2023).

¹⁴⁵ Compliance and Ethics Committee Meeting (Sept. 12, 2023); Compliance and Ethics Committee Meeting (Nov. 17, 2023); Compliance and Ethics Committee Meeting (Apr. 22, 2024).

¹⁴⁶ Compliance and Ethics Committee Meeting (Apr. 26, 2023).

It has also not served a key role envisioned for the CEC, which was to ensure accountability for implementing the Monitor's recommendations and other reforms in a timely manner.¹⁴⁷ The CEC has yet to discuss the status of implementation efforts at its meetings or solicit information from departments like Accounting or ITS to provide progress reports on their implementation efforts.¹⁴⁸ Without visibility into those compliance efforts across the Union, the CEC is not equipped to drive compliance and ethics reforms.

Part of the problem is that the committee lacks subject matter knowledge on compliance risk areas and therefore many of its members have little substantive input on issues the CEC needs to address.¹⁴⁹ For example, the CEC does not include personnel from the Accounting, ITS, or Purchasing functions, each of which is responsible for helping mitigate compliance risks within the Union.¹⁵⁰ If the CEC does not meaningfully address these matters core to the CEC's mandate, it risks serving as a committee on paper, that only appears to implement the Monitor's recommendation, but does not do so in reality.

Based on these observations, and in light of the Monitor's prior recommendation that the CEC have overall responsibility to prevent or correct corruption, oversee implementation of the Monitor's recommendations and other stalled policies, and address significant compliance and ethics-related issues,¹⁵¹ the Monitor makes the recommendation below in order to enhance the CEC's substantive impact. The Monitor will continue to assess and report on the Union's progress

¹⁴⁷ Monitor's Initial Status Report at 83-84 (Rec. 6).

¹⁴⁸ Compliance and Ethics Committee Meeting (Apr. 22, 2024); Compliance and Ethics Committee Meeting (Nov. 17, 2023).

¹⁴⁹ Meeting with UAW (Apr. 29, 2024).

¹⁵⁰ Meeting with UAW (Apr. 29, 2024).

¹⁵¹ Monitor's Initial Status Report at 83-84 (Rec. 6).

in maturing the CEC into an effective governing committee capable of overseeing the Union's compliance regime and will provide a further update in future reporting.

Monitor's Recommendation No. 6.1: To improve the CEC's effectiveness and impact as a core governance and oversight body responsible for elevating compliance and ethics issues to the UAW's leadership, the Monitor recommends that the CEC (1) include as standing members personnel who have subject matter expertise on compliance risk areas, including but not limited to personnel from Accounting, ITS, and Purchasing; (2) include as a standing agenda item discussion regarding the status and progress of recommendation implementation; and (3) revisit the CEC Terms of Reference, approved by the IEB in November 2022, and prepare a plan for achieving the CEC's core mission within 90 days of this Report.

- **Union's Response:** The Union agrees with this recommendation and will take the action necessary to reconstitute the committee with subject matter experts in Accounting, ITS, and Purchasing, in addition to current committee members from Compliance, Legal, and Human Resources. The Union will include, as a standing item on the agenda, discussion regarding the status, progress, and implementation of recommendations and will revisit the CEC Terms of Reference to document this, to be presented to the IEB at the August 2024 meeting.
- **Monitor's Reply:** The Monitor appreciates the UAW's quick adoption of this Recommendation and looks forward to working with the Union to implement it.

E. Internal Audit

A robust and independent internal audit function can serve as an objective evaluator of an organization's culture and compliance regime,¹⁵² helping to identify and correct compliance and risk issues.¹⁵³ The UAW did not have an Internal Audit function until 2020,¹⁵⁴ and, as detailed in the Initial Status Report, when it did establish an Internal Audit function, that function relied on outside help from an external vendor that was simultaneously providing other services to the Union.¹⁵⁵ As a result, the Monitor recommended that the Union clarify the roles, responsibilities, and reporting structure of its Internal Audit function.¹⁵⁶

¹⁵² Monitor's Initial Status Report at 86-87.

¹⁵³ Monitor's Initial Status Report at 87.

¹⁵⁴ Monitor's Initial Status Report at 54, 87.

¹⁵⁵ Monitor's Initial Status Report at 87-88.

¹⁵⁶ Monitor's Initial Status Report at 89 (Rec. 8); Monitor's Third Status Report at 21-22.

To address those concerns, in June 2022, the Union engaged a new external service provider, the Rehmann firm, to serve as the Union's Internal Audit function.¹⁵⁷ Rehmann has assumed this responsibility in an unconflicted manner, and formed a solid reporting line to the IEB, and a dotted reporting line to the Compliance Department, through which report drafts are shared before they are presented to the IEB.¹⁵⁸

Since Rehmann's engagement, Internal Audit has completed a substantial amount of work, including identifying risk areas within the Union, developing audit plans, and conducting a number of audits, including on risk areas observed by the Monitor.¹⁵⁹ This work included the following:

- Rehmann completed risk assessments in both 2022 and 2023 based on interviews of nearly two dozen UAW leaders and its assessment of the UAW's Audited Financial Statements, LM-2 Reports, prior audit findings, and industry risk factors, among other considerations.¹⁶⁰
- Upon completion of the risk assessments, Rehmann identified the following six "top risk" areas for the Union: (1) Reputation Risk; (2) Culture Risk; (3) IT Systems Risk; (4) Fraud Risk; (5) Compliance Risk; and (6) Operational Risk.¹⁶¹

¹⁵⁷ Monitor's Third Status Report at 21-22; Meeting with Internal Audit (Nov. 14, 2022). The UAW reassigned the Union employees who previously constituted the Internal Audit Department to different areas of the UAW. Meeting with Internal Audit (Nov. 14, 2022).

¹⁵⁸ Monitor's Initial Status Report at 89 (Rec. 8); Internal Audit Reporting Structure IEB Presentation at 3 (Nov. 16, 2022); Meeting with Internal Audit (Nov. 14, 2022).

¹⁵⁹ Internal Audit Update (May 2024) (listing completed and in-progress audits); Internal Audit Risk Assessment Summary 2024-2025 (Feb. 2024); Internal Audit Update (Nov. 2023) (listing completed and in-progress audits); Internal Audit Update (June 7, 2023) (listing completed and in-progress audits); Meeting with Internal Audit (Apr. 4, 2023); Meeting with Internal Audit (Nov. 14, 2022); Internal Audit Risk Assessment Summary & Internal Audit Plan (Nov. 2022); IEB Meeting (Nov. 16, 2022).

¹⁶⁰ Internal Audit Update (Feb. 2024); IEB Meeting (Nov. 16, 2022); Meeting with Internal Audit (Nov. 14, 2022); Internal Audit Risk Assessment Summary & Internal Audit Plan at 3 (Nov. 2, 2022).

¹⁶¹ Internal Audit Update at 5 (Feb. 2024); Internal Audit Risk Assessment Summary & Internal Audit Plan at 4 (Nov. 2, 2022).

- Based on the risk assessments, Rehmann developed audit plans in these six areas for both 2023 and 2024.¹⁶²
- As of the May 2024 IEB meeting, Rehmann completed all IT audits contemplated in the 2023 audit plan, but has not issued reports for four business audits that were planned for 2023: (1) CAP and PAC accounts; (2) Department Purchasing Cards (“P-Cards”) and Accounts Payable; (3) Membership Dues; and (4) Entity-Level Controls (including Ethics Hotline).¹⁶³

Several of the audits performed to date identified ongoing opportunities to strengthen internal controls in risk areas the Monitor described in the Initial Status Report—including expense tracking and reporting, vendor relationships, and accounting systems.¹⁶⁴ Examples of these findings include the following:

- An audit completed in February 2024 found that the Conference Policy, which took effect on January 1, 2023, had not yet been fully implemented.¹⁶⁵ The audit also found deficiencies in the Union’s documentation of conference expenses, including inconsistent expense reporting and a lack of clear and specific business purposes, as well as deficiencies with the listing of authorized signers.¹⁶⁶
- An audit of the vendor selection and due diligence process found that the Union has adequate controls “to safeguard assets and minimize exposure to loss” but identified some “minor concerns.”¹⁶⁷ For example, Internal Audit found a lack of contractual oversight of two vendors.¹⁶⁸
- As part of its General Accounting audit, Internal Audit found areas within the account reconciliation process and manual journal entry process that

¹⁶² Internal Audit Risk Assessment Summary & Internal Audit Plan (Nov. 2, 2022); Meeting with Internal Audit (Nov. 14, 2022); IEB Meeting (Nov. 16, 2022); IEB Meeting (Feb. 22, 2023); Internal Audit Update at 6-7 (Feb. 2024).

¹⁶³ Internal Audit Update at 4-5 (May 1, 2024); Meeting with Internal Audit (May 8, 2024).

¹⁶⁴ Conference and Registration Income and Expense Internal Audit Report (Feb. 21, 2024); Vendor Selection and Due Diligence Audit Report (Feb. 21, 2024); General Accounting Internal Audit Report (Nov. 29, 2023).

¹⁶⁵ Conference and Registration Income and Expense Internal Audit Report at 3, 6 (Feb. 21, 2024).

¹⁶⁶ Conference and Registration Income and Expense Internal Audit Report at 3, 7-9 (Feb. 21, 2024).

¹⁶⁷ Vendor Selection and Due Diligence Audit Report at 2 (Feb. 21, 2024).

¹⁶⁸ Vendor Selection and Due Diligence Audit Report at 3-7 (Feb. 21, 2024).

were not in compliance with the Union's financial close and reporting procedures.¹⁶⁹

- An audit of the Union's Black Lake Education Center ("UBE") and Golf Club ("UBG") found that the Union had sufficient controls to safeguard assets, apart from some moderate risks including areas that did not comply with the Financial Close and Reporting Policy.¹⁷⁰
- Internal Audit also performed a Culture Assessment audit at the Union,¹⁷¹ which is described in further detail above.

In response to these audits, the Union provided Internal Audit with management action plans to remediate audit findings.¹⁷² For example, in response to Internal Audit's finding that the Union's Conference Policy had not been fully implemented, the Union agreed that it would implement an automated tool to support the implementation of the Conference Policy.¹⁷³ Internal Audit shared with the Monitor that it has not experienced any resistance from the Union with respect to audit findings or remedial recommendations,¹⁷⁴ nor has the Monitor observed any pushback. The Union's action plans seem appropriately detailed and responsive to Internal Audit's findings.

Despite Internal Audit's important progress to date, in some instances, delays by the Union have impacted Internal Audit's ability to complete audits on schedule. For these, the Union has been too slow to provide Internal Audit with information required to begin audits, conduct and

¹⁶⁹ General Accounting Internal Audit Report at 2, 6-13 (Nov. 29, 2023).

¹⁷⁰ Black Lake Education Center and Golf Club (UBE, Inc. and UBG, Inc.) Audit Report at 3, 7 (Nov. 29, 2023).

¹⁷¹ Culture Assessment Report (Apr. 11, 2024); IEB Meeting (Apr. 11, 2024).

¹⁷² Conference and Registration Income and Expense Internal Audit Report at 6-9 (Feb. 21, 2024); Vendor Selection and Due Diligence Internal Audit Report at 4-5 (Feb. 21, 2024); General Accounting Internal Audit Report at 7-11 (Nov. 29, 2023).

¹⁷³ Meeting with Internal Audit (May 8, 2024); Conference and Registration Income and Expense Internal Audit Report at 6 (Feb. 21, 2024).

¹⁷⁴ Meeting with Internal Audit (May 8, 2024).

complete fieldwork, and draft audit reports on schedule. As of the May 2024 IEB meeting, four business audits from the 2023 audit plan are past due.¹⁷⁵ The finalization of one separate audit—the Department Purchasing Cards and Accounts Payable audit—has been delayed because the Union was slow to submit their responses to the audit report.¹⁷⁶ Similarly, the Membership Dues and CAP and PAC audits have been delayed due to a lack of prompt provision of information from the Union.¹⁷⁷ Specifically, according to Internal Audit, the Membership Dues audit was delayed because “info[rmation] has been slow to trickle in,” and the CAP and PAC audit has been delayed because Internal Audit was waiting to receive the “right info[rmation]” from certain departments.¹⁷⁸

The Monitor has also observed instances of the Union committing to remediate audit findings but then missing the mark. For example, although the Union agreed to implement the above-referenced automated conference tool, it has missed the March 1, 2024 deadline and as of June 2024, the tool had still not been implemented.¹⁷⁹

There are a number of potential explanations for these delays. The Union has experienced significant turnover in its leadership and staff in 2023, which has required time to bring new personnel up to speed on audit requests.¹⁸⁰ In addition, personnel in key functions (particularly in Accounting and ITS) have had to balance requests for information from Internal Audit with their day-to-day responsibilities, implementation of other reforms, as well as resource intensive strike-

¹⁷⁵ Meeting with Internal Audit (May 8, 2024).

¹⁷⁶ Meeting with Internal Audit (May 8, 2024); Meeting with Internal Audit (Aug. 28, 2023).

¹⁷⁷ Meeting with Internal Audit (May 8, 2024); Meeting with Internal Audit (Dec. 6, 2023).

¹⁷⁸ Meeting with Internal Audit (May 8, 2024); Meeting with Internal Audit (Dec. 6, 2023). According to the Compliance Director, the Union and Internal Audit mutually agreed to modifications to the schedule for these audits and the Union has been responsive to data requests.

¹⁷⁹ Meeting with Internal Audit (May 8, 2024).

¹⁸⁰ Meeting with Internal Audit (Aug. 28, 2023).

related work in 2023.¹⁸¹ Internal Audit has also noted other challenges with “management and [the] IEB’s awareness of Internal Audit” because “[a] lot of folks [were] not used to dealing with Internal Audit.”¹⁸² This has resulted in some Union personnel not appropriately prioritizing Internal Audit’s work.¹⁸³

Regardless of the reasons for delays, the Union should do more to prioritize the work of Internal Audit given the central role it plays in testing the effectiveness of the Union’s internal controls and the health of its culture. Specifically, the Union should minimize delays in providing information to Internal Audit, whether that information is documents and data or access to key UAW personnel whose input is needed for Internal Audit to complete its work. Internal Audit has already initiated steps—including leadership training sessions—to improve UAW leaders’ understanding of the critical role Internal Audit performs.¹⁸⁴ IEB members and their top staff must then reinforce that message throughout the Union.

The Monitor will continue to observe how that message is received by UAW leadership and evaluate how it translates into improved collaboration with Internal Audit to complete audits on schedule, consistent with the following recommendation:

Monitor’s Recommendation No. 47: To facilitate the timely completion of audit reports pursuant to the yearly audit plan, the Union and Internal Audit should confer and agree upon (1) a schedule for 2024 and subsequent years’ audits that identifies the highest priority audits to complete for the year; and (2) specific dates by which the Union will provide to Internal Audit documentation and information for each high priority audit. The IEB should monitor the Union’s ability to meet the deadlines agreed to with Internal Audit, and where necessary, provide additional resources to facilitate Internal Audit’s work.

¹⁸¹ Meeting with Internal Audit (May 8, 2024); Meeting with Internal Audit (Dec. 6, 2023); Meeting with Internal Audit (Aug. 28, 2023).

¹⁸² Meeting with Internal Audit (Dec. 6, 2023); Meeting with Internal Audit (Aug. 28, 2023).

¹⁸³ Meeting with Internal Audit (Dec. 6, 2023). Meeting with Internal Audit (Aug. 28, 2023). According to the Compliance Director, these personnel have also been occupied with balancing requests from the Monitor and Compliance Department, and with ongoing development of policies and procedures.

¹⁸⁴ Meeting with Internal Audit (Dec. 6, 2023).

- **Union’s Response:** The Union agrees that Internal Audit is a priority and will continue to provide the available resources to complete the audit cycle. One such resource is adding personnel to the Compliance Department to better prepare the Union for upcoming audits and to assist in ongoing audits. As the Monitor is aware, the 2023 calendar year provided delays in the Internal Audit calendar due to significant contract negotiations and subsequent strikes which resulted in personnel assisting with Internal Audit responses, being redirected in their work to best serve our membership. The Union agrees that the Union and Internal Audit should confer and agree upon (1) a schedule for 2024 and subsequent years’ audits that identifies the highest priority audits to complete for the year, taking into account the existing resources and responsibilities for the business area under audit; and (2) specific dates by which the Union will provide to Internal Audit documentation and information for each high priority audit. Dates will be established in consultation with the ITS Department for documentation and information that must be provided by ITS.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s quick adoption of this Recommendation and looks forward to working with the Union to implement it.

F. Accounting Department Personnel

During the course of the monitorship, the Union’s Chief Accountant has played a central role driving improvements to the Union’s internal financial control environment, including many of the Monitor’s recommendations. For example, the Chief Accountant has led the Union’s efforts to centralize oversight of the Union’s financial transactions, streamline the Union’s existing vendor relationships, develop and implement vendor due diligence policies and procedures, train Accounting Department personnel, and spearhead the development of the Union’s new budgeting processes.¹⁸⁵ The Chief Accountant and Assistant Chief Accountant also serve as the most experienced subject matter experts in the Union on its finances and core internal controls, and are responsible for overseeing the Union’s relationships with external vendors and auditors.¹⁸⁶

In April 2024, the Union’s Chief Accountant informed Union leadership that she and her Assistant Chief Accountant will retire at the end of July 2024 after many years of dedicated

¹⁸⁵ Monitor’s Initial Status Report at 107-126; Monitor’s Third Status Report at 19-30.

¹⁸⁶ Monitor’s Initial Status Report at 107-126; Monitor’s Third Status Report at 19-30.

service.¹⁸⁷ The Union has since worked on a formal succession plan for these two critical leaders of the Accounting Department as it seeks to maintain the pace by which it can implement unfinished reforms.¹⁸⁸

As described further below, certain financial reforms spearheaded by the Chief Accountant and recommended by the Monitor are just getting off the ground, like the Union's new budgeting processes, or are not yet complete, like the Union's policies to improve its procurement process and centralize oversight of bank accounts used by the Union's CAPs and PACs. These Accounting Department leaders have been instrumental in driving progress on financial reforms in the midst of changes in Union leadership and competing priorities and demands on Accounting Department resources. Thus, the Union needs to act promptly to identify and onboard the next generation of leaders of the Accounting Department to ensure the Union can finish implementing the Monitor's recommendations for the financial improvements with alacrity.

Monitor's Recommendation No. 48: Within 30 days of this Report, the Union should formalize a plan to identify and onboard a new Chief Accountant and Assistant Chief Accountant to ensure a seamless transition of those roles and responsibilities. The plan should:

(a) specify job qualifications that include the requirement of an accountancy degree or CPA and a minimum of ten years of relevant accounting experience; and

(b) require a competitive application process given the technical nature of the positions.

- **Union's Response:** The Union is formalizing a transition plan and has thus far engaged in a competitive hiring process for the Chief Accountant position, Assistant Chief Accountant position, and an Administrative Assistant position. The Union is also exploring consulting agreements with the Chief Accountant and Assistant Chief Accountant to ensure both a seamless transition of roles and responsibilities and their continued involvement in implementing ongoing financial reforms.

¹⁸⁷ Meeting with UAW (May 16, 2024); Meeting with UAW (May 8, 2024). The Chief Accountant has been employed by the Union since 1994 and has worked in the Accounting Department for 21 years, serving as Chief Accountant for 17 years. Meeting with Chief Accountant (Aug. 24, 2021).

¹⁸⁸ Meeting with UAW (May 16, 2024).

- **Monitor's Reply:** The Monitor appreciates the UAW's quick adoption of this Recommendation and looks forward to working with the Union to implement it.

G. Policies and Procedures

Since the Monitor's Third Status Report, the Union has adopted numerous new policies recommended by the Monitor to increase transparency, reduce favoritism and nepotism, improve accountability, and rebuild trust in the Union. For example, the Union adopted and implemented its first ever Anti-Nepotism Policy, which prohibits individuals from having direct supervisory authority over their relatives and creates a mechanism for restructuring supervisory relationships to avoid actual or potential conflicts of interest.¹⁸⁹ The Union also adopted and implemented a revamped policy against harassment and discrimination, an Anti-Bribery and Corruption Policy, a Conflicts of Interest Self-Disclosure Form, and a revised Code of Conduct.¹⁹⁰ It created a UAW Policy Manual of all policies implemented over the past two years which is available to all employees on the Union's intranet site.¹⁹¹ Through the adoption and implementation of these policies and procedures, the Union has taken a critical step in the right direction by institutionalizing the Union's commitment to compliance and ethics.

A few recommended policies, however, still remain unadopted in draft form. As detailed in the Initial Status Report, prior to the start of the monitorship, the Union had developed a number

¹⁸⁹ IEB Meeting (Sept. 21, 2022); International Union, Anti-Nepotism Policy, Version 1.0, *approved* Sept. 21, 2022, *effective* Sept. 21, 2022; International Union, Anti-Nepotism Policy, Version 1.1, *approved* Nov. 16, 2022, *effective* Jan. 1, 2023. The Anti-Nepotism Policy also requires employees to complete disclosure forms that are reviewed by the Compliance Director and Human Resources Director to determine whether any conflicts of interest exist. Anti-Nepotism Policy at 3. Monitor's Initial Status Report at 94-98 (Rec. 10).

¹⁹⁰ IEB Meeting (Nov. 16, 2022); International Union, UAW No Harassment and Discrimination Policy, Version 2.0, *approved* Nov. 16, 2022, *effective* Nov. 16, 2022; Anti-Bribery and Corruption Policy, Version 1.1, *approved* Nov. 16, 2022, *effective* Jan. 1, 2023; Conflicts of Interest Self-Disclosure Form How-To; UAW Code of Conduct, *approved* Aug. 30, 2022, *effective* Jan. 1, 2023.

¹⁹¹ UAW Policy Manual.

of policies to address gaps in the Union’s financial controls.¹⁹² The Monitor’s principal recommendation with respect to these policies was to finalize, approve, and implement them as soon as possible.¹⁹³ After the Monitor initially suggested implementation of the policies within 30 to 60 days of the Initial Status Report, the Union pledged it would do so within approximately 60 days of the November 11, 2021 date of the Initial Status Report.¹⁹⁴

The Union did not meet that initial pledge, and although the majority of policies have since been approved, the IEB has still not approved three policies that it had committed to enact more than two years ago, as reflected in the table below:

Policies Covered by Monitor Recommendation No. 18	Approved by the IEB	Approved
P-Card Policy	Yes	February 2022 ¹⁹⁵
Financial Close and Reporting (“FCRP”) Policy	Yes	November 2021 ¹⁹⁶
IT Change Management Policy	Yes	April 2022 ¹⁹⁷
Benefits & Insurance Policy	Yes	June 2022 ¹⁹⁸
Fixed Assets Policy	Yes	November 2021 ¹⁹⁹
Payroll Policy	Yes	February 2022 ²⁰⁰

¹⁹² Monitor’s Initial Status Report at 108-112.

¹⁹³ Monitor’s Initial Status Report at 113 (Rec. 18).

¹⁹⁴ Monitor’s Initial Status Report at 113 (Rec. 18).

¹⁹⁵ International Union, UAW Department Purchasing Card Policy, Version 1.0, *approved* Feb. 22, 2022, *effective* Mar. 28, 2022.

¹⁹⁶ International Union, UAW Financial Close & Reporting Process Policy, Version 1.0, *approved* Nov. 9, 2021, *effective* Jan. 1, 2022, *revised* Nov. 29, 2023.

¹⁹⁷ UAW IT Change Management Policy, Version 1.0, *approved* Apr. 25, 2022, *effective* June 13, 2022.

¹⁹⁸ International Union, UAW Insurance and Benefits Policy, Version 1.0, *approved* June 7, 2022, *effective* June 7, 2022.

¹⁹⁹ International Union, UAW Fixed Assets Policy, Version 1.0, *approved* Nov. 9, 2021, *effective* Jan. 1, 2022.

²⁰⁰ International Union, UAW Payroll Policy, Version 1.0, *approved* Feb. 22, 2022, *effective* Mar. 28, 2022. In addition, the IEB approved a new Black Lake Payroll Policy on November 15, 2022, effective on January 1, 2023, which applies to all Black Lake personnel involved in the payroll process and governs time reporting, maintenance of employee information, and disbursement of payroll and payroll-related items. Black Lake Payroll Policy, Version 1.0, *approved* Nov. 15, 2022, *effective* Jan. 1, 2023. Further, on

Policies Covered by Monitor Recommendation No. 18	Approved by the IEB	Approved
IT Operations Policy	Yes	February 2023 ²⁰¹
IT User Access Management Policy	Yes	February 2024 ²⁰²
Procurement Policy	No	TBD
CAP and PAC Policy	No	TBD
Cash Policy	No	TBD

During the first six months of the monitorship, the Union cited IT constraints as the primary reason for not implementing the remaining policies; however, given the progress made on IT reforms, this excuse is no longer credible.²⁰³ It has been two and a half years since the IEB approved a broad measure authorizing expenditures related to hiring additional personnel to complete the IT system upgrades needed to support the implementation of the outstanding accounting policies.²⁰⁴

The Union, led by the ITS Department, has finalized and approved the IT policies contemplated as of the Initial Status Report, along with a series of IT procedures (also referred to as “guidebooks”), which are intended to improve IT processes and controls while the Union’s IT upgrades are ongoing.²⁰⁵

Nonetheless, even with these improvements, several policies are still outstanding and not yet finalized, approved, or fully implemented, including the CAP and PAC Policy, the Conference

February 22, 2023, the IEB approved a new Black Lake Cash Policy, which became effective on April 1, 2023, and applies to all Black Lake personnel involved in the cash process and governs bank account management, cash collection and receipt, cash payment, ATM management, and bank reconciliation items. Black Lake Cash Policy, Version 1.0, *approved* Feb. 22, 2023, *effective* Apr. 1, 2023.

²⁰¹ International Union, UAW IT Operations Policy, Version 1.0, *approved* Feb. 22, 2023, *effective* May 1, 2023.

²⁰² UAW IT User Access Management Policy, Version 1.0, *approved* Feb. 22, 2023, *effective* Feb. 22, 2023. The User Access Management Policy was approved by the IEB in February 2024 and is currently in the implementation phase. Monitor Status Update at 4 (Apr. 19, 2024).

²⁰³ Monitor’s Initial Status Report at 107-113.

²⁰⁴ IEB Meeting (Jan. 3, 2022).

²⁰⁵ Policy Status Update (Apr. 19, 2024); IEB Meeting (Feb. 21, 2024).

Policy, and the Procurement Policy. As discussed further below, it is imperative for the Union to move forward with these policies.

1. CAP and PAC Policy

CAPs and PACs, short for Community Action Programs and Political Action Committees, are comprised of Union members who utilize distinct funds, which are collected from Union members and held in specific CAP or PAC bank accounts, for the purposes of funding community programs and political campaigns.²⁰⁶ Historically, a significant portion of financial activity related to political and community activity spending was directed and monitored locally by the individual Regions, which managed their own CAP and PAC bank accounts.²⁰⁷

Given the abuse of regional CAP and PAC accounts that predated the monitorship,²⁰⁸ and the inherent risk of misconduct presented by the decentralized account structure, the Union sought to improve and centralize oversight of all CAP and PAC account activity.²⁰⁹ For the past four years, the Union has worked with an external vendor on developing a policy to enhance controls around CAP and PAC accounts and increase oversight by ensuring all financial activity related to these accounts is recorded, monitored, and reported in a consistent manner across the International Union.²¹⁰ At the time of the Monitor's Initial Status Report, the Union had developed a "plan of action" to achieve transfer of the regional accounts into centralized ones, along with full

²⁰⁶ Meeting with UAW (Aug. 15, 2023); UAW CAPs & PACs Summary (Feb. 8, 2022).

²⁰⁷ Meeting with UAW (Aug. 15, 2023); Meeting with UAW (Feb. 9, 2022); UAW CAPs & PACs Summary (Feb. 8, 2022).

²⁰⁸ Monitor's Initial Status Report at 31-32, 115.

²⁰⁹ Monitor's Initial Status Report at 31-32, 115; Meeting with Accounting (Feb. 9, 2022); UAW CAPs & PACs Summary (Feb. 8, 2022).

²¹⁰ Meeting with Accounting (Jan. 24, 2024); Meeting with Accounting (Aug. 15, 2023); Meeting with UAW (Feb. 9, 2022).

centralization of regional CAP and PAC activity.²¹¹ In connection with this effort, the Monitor issued targeted recommendations around CAP and PAC accounts to aid the UAW's plan to centralize oversight.²¹² These recommendations included centralizing the reporting of all regional CAP and PAC activity and contributions under the oversight of the International Union staff, specifically the CEC.²¹³

The Union has made progress in meeting these recommendations, but the pace needs to be accelerated. As of June 2024, just over half of the regional CAP and PAC accounts have been fully or partially migrated to the centralized system.²¹⁴ To supplement those efforts, the Union has implemented certain measures in an effort to improve controls over CAP and PAC accounts still managed by the Regions and provide Accounting with some transparency over the accounts (such as publishing guidance regarding CAP and PAC account bank reconciliations, financial statement reviews, and disbursement approvals).²¹⁵ But, two and half years after the Initial Status Report, a significant portion of the total regional CAP and PAC accounts have still not been migrated to the centralized accounting system, leaving many accounts outside the full oversight of the Union's

²¹¹ Monitor's Initial Status Report at 115, n.482.

²¹² Monitor's Initial Status Report at 115, 119-120 (Rec. 22).

²¹³ Monitor's Initial Status Report at 115, 119-120 (Rec. 22).

²¹⁴ Meeting with Accounting (Apr. 19, 2024); Meeting with Accounting (Jan. 24, 2024).

²¹⁵ UAW Letter to Regional Directors (Apr. 12, 2022); UAW Guidelines for Expenditures of Union Funds (Apr. 12, 2022); UAW Letter to Regional Directors, Assistant Directors and Regional CAP Representatives Outside of Michigan re Guidance for Reviewing Financial Statements for Regional CAP and PAC Councils (Feb. 8, 2022); UAW Letter to Regional Directors, Assistant Directors and Regional CAP Representatives Outside of Michigan re Guidance for Reviewing Monthly Bank Reconciliations for Regional CAP and PAC Councils (Feb. 8, 2022); UAW Letter to Regional Directors, Assistant Directors and Regional CAP Representatives Outside of Michigan re Guidance for Reviewing Monthly Per Capita Tax (PCT) Reconciliation Report for Regional CAP and PAC Councils (Feb. 8, 2022).

centralized Accounting Department.²¹⁶ These efforts have been further hampered by the absence of a National CAP Director, a role critical to coordination efforts between the Accounting Department, regional leaders, and regional CAPs and PACs to migrate account oversight. The Union does not have a target date to complete the process of centralization nor does it have an estimated date of completion, though it has recently prepared a process workflow document detailing the steps required to migrate and centralize oversight of regional CAP and PAC accounts.²¹⁷

The Union should prioritize its efforts towards rolling out the policy it agreed to implement through centralization of oversight of CAP and PAC accounts as soon as possible. The Monitor will continue to assess the Union's progress on transferring regional accounts to achieve centralized oversight and complete implementation of the CAP and PAC Policy.

To encourage the Union to follow through on its prior agreement to implement Recommendation No. 22, which suggested, among other things, that the UAW centralize oversight and reporting of regional CAP and PAC activity,²¹⁸ the Monitor makes the following supplemental recommendation:

Monitor's Recommendation No. 22.1: By the end of 2024, the Union should finalize, approve, and implement the CAP and PAC Policy, and commit to a timeline for completing regional CAP

²¹⁶ Meeting with Accounting (Jan. 24, 2024). As an interim step, the Union's Accounting staff reviews Regional CAP and PAC account uploads through the UAW's intranet site. The Accounting staff reviews the payee, amount, and purpose of each check to identify questionable reimbursements or where supporting documentation is required. Meeting with UAW (Feb. 2, 2023). The Accounting Department has also implemented a process to support electronic payments as the standard method of payment that is expected to strengthen controls by minimizing the need to print paper checks to the regional printers. As of the date of this Report, the Union's Internal Audit function has not yet completed the planned audit in which the effectiveness of these measures will be assessed and the Accounting Department still lacks direct access to and full oversight of the CAP and PAC accounts. Meeting with Internal Audit (May 8, 2024); Meeting with UAW (Feb. 2, 2023).

²¹⁷ Meeting with Accounting (Apr. 25, 2024).

²¹⁸ Monitor's Initial Status Report at 119-120 (Rec. 22).

and PAC account centralization efforts to ensure the International Union has oversight over all such accounts.

- **Union’s Response:** The Union agrees to finalize and approve the CAP-PAC Policy by the end of 2024. However the Union’s ability to successfully implement the policy is dependent on several factors: (1) The Union’s ability to complete IT programming of the processes and procedures that are required to be completed and evidenced through automated workflows; (2) Training for employees impacted by the new policy and processes; and (3) Onboarding a new National CAP Director who will be the policy custodian and providing them with the time to review and understand the policy requirements. The Union will work diligently to resolve these issues by the end of 2024. The Union will commit to initiating the process to centralize the regional CAP-PAC accounts in the remaining four regions by March 2025. While the Union does not want to reject the timeline recommendation, the Union wants to be realistic in its commitments. With a new CAP Director and new Chief Accountant, there will continue to be a number of changes that will affect this process. The Union is committed to getting account centralization efforts complete as soon as feasible.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s response with respect to adopting the CAP and PAC Policy, and although appreciating the potential hurdles to implementation, the Monitor notes that the Union committed to addressing CAP and PAC centralization in November 2021. It should prioritize implementation.

2. Conference Policy

In prior reports, the Monitor highlighted the need for additional oversight and scrutiny of Union conference and event expenses given the historical abuses of conferences by former Union leaders.²¹⁹ Historically, the UAW did not require a budget for each conference (which could cost millions of dollars apiece) and largely left conference planning and expenditures to the individual IEB official or staff member hosting the conference.²²⁰ The Union provided no guidelines or policies governing how much money could be spent to host a conference or on related dinner parties and entertainment events.²²¹ Adding a layer of opacity, conference expenses were often billed under a master billing arrangement—which did not provide an itemized list of individual

²¹⁹ Monitor’s Initial Status Report at 28-31; Monitor’s Third Status Report at 28.

²²⁰ Monitor’s Third Status Report at 29.

²²¹ Monitor’s Third Status Report at 29.

expenses incurred at the conference.²²² As noted most recently in the Monitor's Ninth Status Report, the use of such master billing arrangements was previously abused by Union officials to commit financial crimes.²²³

In November 2022, the IEB approved the Conference Policy,²²⁴ which took effect on January 1, 2023, to bring greater oversight to and accountability for conference expenditures. The Conference Policy created several safeguards to mitigate the risk that conference-related funds are misappropriated by Union employees for their personal benefit. For example:

- The policy includes review and approval requirements for Union-funded conferences and events with a total budget of \$50,000 or greater and restricts certain kinds of conference expenses.²²⁵
- Conference organizers must create an event plan with a detailed estimated budget and obtain approval of that budget from an IEB member prior to signing a conference venue contract or incurring any expenses.²²⁶
- If the total estimated budget exceeds \$400,000, the plan must be reviewed and approved in writing by the full IEB before any contracts can be signed or any expenses incurred.²²⁷
- The Conference Policy expressly prohibits expenses incurred by individuals for their own benefit to be included in a master bill or otherwise passed on to the Union. Any expenses to be included on a master bill must be identified in the detailed event plan and approved pursuant to the Conference Policy,²²⁸ and the conference organizer must review the charges

²²² Monitor's Third Status Report at 28, n.86.

²²³ Monitor's Ninth Status Report at 24-25.

²²⁴ IEB Meeting (Nov. 16, 2022).

²²⁵ Conference Policy ¶ 1. The Conference Policy does not require the General Counsel or the Compliance Director to provide advance written approval for conference expenditures in excess of \$20,000. Pursuant to the vendor due diligence process, however, the Legal Department must review and sign off on purchases greater than \$50,000. Although this differs from the Monitor's recommendation, which was to require advance, written approval from the General Counsel or Compliance Director for all UAW-funded conference expenditures in excess of \$20,000, the Conference Policy accomplishes the goal of the recommendation. Monitor's Third Status Report at 28-30 (Rec. 40).

²²⁶ Conference Policy ¶¶ 2-4, 10.

²²⁷ Conference Policy ¶ 10.

²²⁸ Conference Policy ¶ 25.

on the master bill and certify they are appropriate before submitting the bill for payment.²²⁹

In addition, in January 2023, the Union hired a new full-time Director of Travel and Events to assist with conference planning efforts.²³⁰

Since the Conference Policy took effect in January 2023, too little has been done to implement the policy. For example, the Union did not communicate the new Conference Policy to employees after it was approved, nor did training begin on the policy and its requirements until February 2024, more than a year after it was approved.²³¹ Indeed, in Internal Audit's recent audit of compliance with the Conference Policy, Internal Audit identified as "high risk" the failure to implement the automated conference workflow management tool and called for "[m]anagement's prompt corrective action" in order "to prevent further deterioration, loss or continued non-compliance with laws and regulations."²³² The management response to this audit report forecasted integration of the workflow management tool by March 1, 2024; however, as of June 2024, integration is not yet complete.²³³

Some senior Union personnel have observed and reported to the Monitor that the delay in effectively implementing the Conference Policy has allowed unnecessary spending at conferences to continue, particularly with respect to food and beverage expenses (*e.g.*, excessive meals and snacks) and lapses in strategic and logistical oversight (*e.g.*, lack of rigor in conference planning

²²⁹ Conference Policy ¶¶ 25-27.

²³⁰ Meeting with UAW (Jan. 25, 2023).

²³¹ Meeting with UAW (Apr. 29, 2024).

²³² Conference and Registration Income Audit Report (Feb. 21, 2024).

²³³ Meeting with Internal Audit (May 8, 2024).

resulting in overstaffing or excessive conference duration, raising costs, and failing to maximize participant time).²³⁴

To address concerns about the Conference Policy—including its delayed implementation, Internal Audit’s findings of high risk deficiencies, and potential unintended consequences of certain policy requirements—in May 2024, the IEB approved the formation of a Conference Policy Committee under the Compliance Director’s leadership.²³⁵ This is a positive development driven by the Compliance Director, and the Monitor will closely monitor Conference Policy Committee discussions and will continue to report on the Union’s implementation of the Conference Policy and efforts to install guardrails to protect against financial misconduct and misuse of member dues.

To further improve conference oversight and address the concerns about the Conference Policy discussed herein, the Monitor makes the following supplemental recommendation:

Monitor’s Recommendation No. 40.1: By the end of 2024, the Union should fully implement the Conference Policy, including the development of further training for International staff, operationalization of the conference workflow management tool, and addressing all other areas of concern raised in the Conference and Registration Income Audit Report.

- **Union’s Response:** The Union agrees with this recommendation. The concerns addressed in the Conference and Registration Income Audit Report will be addressed with further work between Travel & Events, Compliance, and Staff Development which is already in process.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s quick adoption of this Recommendation and looks forward to working with the Union to implement it.

3. Procurement Policy

The Union’s progress toward finalizing and implementing the draft Procurement Policy—which has been in draft for more than three years—has remained far too slow and can no longer be blamed on delays to the upgrades to the Union’s IT systems. As previously reported, the

²³⁴ IEB Meeting (May 2, 2024); Meeting with UAW (Apr. 29, 2024).

²³⁵ IEB Meeting (May 2, 2024).

Procurement Policy is intended to provide guidelines and rules around the entire “procure to pay” lifecycle, including the selection of vendors, purchase of goods and services, and authorization of payment approval for all entities that have International Union signatories and that implicate International Union funds.²³⁶ In November 2021, the Monitor recommended that the Union adopt the Procurement Policy to remediate the lax vendor selection process that senior Union officials had historically used to obtain kickbacks from vendors in exchange for awarding the vendors inflated contracts, which led to the fraud and embezzlement charges underlying their criminal convictions.²³⁷ The Union has implemented procedures to mitigate those risks, but approval and implementation of the full Procurement Policy—planned for August 2022—was delayed indefinitely due to IT constraints.²³⁸

The majority of the IT issues impacting approval have since been resolved,²³⁹ but, according to the Union, further programming, testing, and training—and any corresponding adjustments—must occur before the Procurement Policy can be approved and become operational.²⁴⁰ At the same time, the Union has made progress on key components of the Procurement Policy, including adopting, implementing, and training staff on vendor selection and

²³⁶ Monitor’s Initial Status Report at 109-110.

²³⁷ Monitor’s Initial Status Report at 120-121.

²³⁸ Policy Status Update (Apr. 19, 2024); Policy Status Update (Jan. 24, 2024); Policy Status Update (Feb. 2, 2023); Policy Status Update (June 8, 2022).

²³⁹ The following pre-approval tasks have been accomplished: (1) Completed initial IT programming of automated PO process in MyUAW (the Union’s intranet system); (2) Completed programming to create and maintain centralized list of authorized signers in MyUAW; (3) Continued development to streamline RFQ process; (4) Tested and implemented feature in vendor master file to utilize multiple bank accounts for single vendors; (5) Tested and implemented procedure to maintain centralized list of authorized signers in MyUAW. Policy Status Update (Apr. 19, 2024); Policy Status Update (Jan. 24, 2024); Meeting with UAW (Jan. 24, 2024).

²⁴⁰ Meeting with Accounting (Jan. 24, 2024). For example, the Union’s ITS Department has completed initial programming of the purchase order process and is conducting testing and programming so that the Union’s systems are consistent with the Procurement Policy. The ITS Department also is working on programming and testing for the non-purchase order process in the Union’s intranet system.

due diligence processes that provide needed structure and controls around the Union’s vendor relationships.²⁴¹ The Union, however, still has not sought IEB approval of the remaining provisions of the Procurement Policy, although it has recently shared its goal to do so by the end of 2024, with implementation and training to follow by early 2025.

The Monitor will continue to assess the Union’s progress on completing the steps necessary for IEB approval of the Procurement Policy, and makes the following supplemental recommendation:

Monitor’s Recommendation No. 18.1: By the end of 2024, the Union should finalize, approve, and fully implement the Procurement Policy, including the development and issuance of training for all International staff on the full Policy.

- **Union’s Response:** The Union agrees to have the Procurement Policy approved by the IEB by December of 2024. Implementation and training on the rest of the policy will depend on the time and resources of our ITS Department to finish the rest of the programming for the Purchase Order system which must be done to have the policy complete. The Union hopes to have approval, implementation, and training done by early 2025 understanding that our resources are limited.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s commitment to approve the Procurement Policy by the end of the year. The Monitor reiterates the importance of prioritizing efforts to implement and train on the Procurement Policy, including committing necessary resources to do so.

²⁴¹ Meeting with Accounting (Jan. 24, 2024). The Union has adopted two procedures that are key components of the draft Procurement Policy and manage the Union’s relationship with vendors: the Vendor Selection Process Documentation and Vendor Due Diligence Process Documentation, adopted at an April 25, 2022 IEB meeting and implemented on June 6, 2022. The Union has also adopted Vendor Conflict of Interest and Vendor Questionnaire forms to aid with the vendor management process. The Union also utilizes a “barred persons” list, which is maintained by the Legal Department and shared with the Purchasing Department, and has designated members of the Purchasing Department and Accounting Department to spearhead efforts to review and approve vendors under the Procurement Policy. The list has five sources: (i) the Department of Labor – Office of Labor Management Services (“OLMS”); (ii) persons barred under Article 48 of the UAW Constitution; (iii) barred persons named in the Consent Decree; (iv) the Adjudications Officer; (v) and a barred or problematic vendors list created and maintained by the Purchasing Department. Further, the Union has developed and held multiple mandatory trainings on vendor due diligence, along with optional webinars and “office hours” for employees to learn more about the process.

4. IT Policies and System Modernization

In the Initial Status Report, the Monitor recommended that the IEB promptly approve expenditures necessary to upgrade or enhance the Union's existing IT platforms to support implementation of the Monitor's broader recommendations.²⁴² In November 2023, the Union's Internal Audit function similarly identified technology-related shortcomings tied to the Union's IT systems.²⁴³ Because of the customized nature of the Union's IT infrastructure and the size of the project, the Union's ITS Department and Internal Audit function identified the need for external assistance.²⁴⁴

Alongside the recently issued Internal Audit reports, the Union has taken steps to address these concerns. In November 2023, the Union's ITS Department, along with an external consultant, presented an IT modernization proposal to the IEB that would have (1) evaluated the Union's current IT environment; (2) generated recommendations for potential enhancement, modification, and/or replacement options for software assets; and (3) evaluated and decided on recommended options for overhauling the Union's IT architecture.²⁴⁵ The IEB, citing cost concerns, voted down the proposal, and instead formed an IT Modernization Working Group.²⁴⁶ The IT Modernization Working Group brings together various stakeholders from across the Union's Departments whose systems will be impacted by IT modernization; this includes

²⁴² Monitor's Initial Status Report at 121-122 (Rec. 23).

²⁴³ IT Management, Policies, Procedures Audit Report at 3 (Nov. 29, 2023). Specifically, Internal Audit conducted an audit to "evaluate UAW's IT management, policies, and procedures by assessing how effectively they were implemented and followed, identifying areas of non-compliance or weaknesses, and recommending improvements for enhancing IT governance, information security, risk management, and overall IT service delivery." *Id.*; Change Management Audit Report (Feb. 21, 2024); Network Access Procedures Audit Report (Feb. 21, 2024); Network Architecture Audit Report (Feb. 21, 2024).

²⁴⁴ Meeting with IT Modernization Working Group (Feb. 1, 2024).

²⁴⁵ IEB Meeting (Nov. 30, 2023); IT Modernization Proposal Deck at 2-4 (Nov. 30, 2023).

²⁴⁶ Meeting with IT Modernization Working Group (Feb. 1, 2024); IEB Meeting (Nov. 30, 2023).

representatives from the ITS, Accounting, Pensions & Benefits, Research, and Legal Departments, representatives from the President's and Secretary-Treasurer's Offices, and a representative from the Monitor.²⁴⁷ The stated purpose of the IT Modernization Working Group is to identify a pathway to updating and improving the Union's IT systems, including systems related to Accounting, Human Resources, Membership, Pensions, and other critical functions.

The IT Modernization Working Group, led by the Union's ITS Department Head, first convened in early 2024 and has taken initial steps to solicit bids from external vendors who can support the Union's IT modernization needs. The IT Modernization Working Group has focused its efforts on preparing and managing a request to solicit potential vendors' "proposals to assist in evaluation of the current systems and recommendations for software/vendors to implement new solutions for use in modernizing current systems or continuing custom software development."²⁴⁸ The IT Modernization Working Group has been receiving proposals and will continue to report on progress and related recommendations to the IEB.²⁴⁹ The Monitor will continue to report on the Union's progress in this area.

Building off the Monitor's prior recommendation that the IEB approve the expenditures necessary to upgrade or enhance the UAW's existing IT platforms to support the new accounting and IT policies, and to further accelerate the Union's efforts to modernize its IT systems, the Monitor makes the following supplemental recommendation:

Monitor's Recommendation No. 23.1: Within four months of this Report, the IT Modernization Working Group should present a detailed proposal for addressing the Union's IT Modernization needs to the IEB.

²⁴⁷ IEB Meeting (Nov. 30, 2023); Meeting with IT Modernization Working Group (Feb. 1, 2024).

²⁴⁸ IT Modernization Request for Proposal at 1 (Apr. 5, 2024).

²⁴⁹ Meeting with IT Modernization Working Group (June 18, 2024); Meeting with IT Modernization Working Group (Apr. 4, 2024).

- **Union’s Response:** The Union agrees that the IT Modernization Working Group should present a detailed proposal for addressing the Union’s IT Modernization needs to the IEB but would like feedback from the newly appointed Chief Accountant and Assistant Chief Accountant. As such, the Union will commit to a detailed proposal being presented to the IEB within four months of this Report.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s quick adoption of this Recommendation and looks forward to working with the Union to implement it.

H. Budgeting Process

As described in the Initial Status Report, a formal budgeting process is a vital tool to mitigate the risk of financial malfeasance because it “allows an organization to set financial priorities, allocate resources according to those priorities, promote transparency around those priorities, and hold the organization’s leaders accountable for their use of the organization’s resources.”²⁵⁰ In that report, the Monitor recommended that the UAW implement a formal budgeting process, starting no later than fiscal year 2023, for all International Union Departments and Regions on an annual basis in order to establish expected spending by Department and Region.²⁵¹

While the Union was delayed in initiating a formal budgeting process, the Union has begun this important work. Beginning in summer 2023, the Union engaged an external consultant to help it develop a formal budgeting process.²⁵² That rollout included three phases scheduled from 2023 to 2025 and is currently on track with the initial schedule:

- Phase 1 is “Process Design” which includes planning and launching the process and conducting working sessions with the Union to finalize the workplan.²⁵³ This work was scheduled to occur in 2023.

²⁵⁰ Monitor’s Initial Status Report at 106 (referencing Exiger Report at 19-20 (June 11, 2021)).

²⁵¹ Monitor’s Initial Status Report at 106-107 (Rec. 17).

²⁵² IEB Meeting (Aug. 10, 2023).

²⁵³ IEB Meeting (Aug. 10, 2023); Financial Budgeting Proposal Deck at 6-7 (Aug. 10, 2023).

- Phase 2 is “Implementing an Interim ‘Top-Down’ Budget” in which the IEB will establish and implement a budget methodology across the Union.²⁵⁴ This work is occurring throughout 2024.
- Phase 3 is “Technology Enabled Budget Implementation” in which the IEB will implement a “bottoms-up” budget process, in which budget owners across the Union will utilize the tools and skills established during Phase 2 to establish their own budget methodologies, rather than those provided by IEB.²⁵⁵ This work is scheduled to occur in 2024 to 2025.

As of the date of this Report, the Union has completed Phase 1 of the project, and has conducted a series of working sessions and trainings to introduce Union leaders to the formal budgeting process. At the May 2024 IEB meeting, the IEB approved two process documents—a planning calendar process document and responsibility matrix process document—that lay out specific milestones for the annual budget planning process and reflect responsibility for carrying out specific tasks.²⁵⁶

The Monitor recognizes the progress the Union is making to implement this recommendation, in large part due to the Chief Accountant’s leadership and coordination efforts, with the support of an external vendor, to devise and implement this new process. As described above, the Union will need to identify personnel capable of filling the Chief Accountant’s role on these critical budgeting efforts. The Monitor will continue to observe the Union’s progress on this recommendation and evaluate whether the Union will meet the deadlines it has set to implement the remaining phases.

²⁵⁴ IEB Meeting (Aug. 10, 2023); Financial Budgeting Proposal Deck at 6 (Aug. 10, 2023).

²⁵⁵ IEB Meeting (Aug. 10, 2023); Financial Budgeting Proposal Deck at 6 (Aug. 10, 2023).

²⁵⁶ Planning Calendar Process Document (May 2, 2024); Responsibility Matrix Process Document (May 2, 2024); IEB Meeting (May 2, 2024).

I. Hiring Processes and Job Descriptions

In the Initial Status Report, the Monitor noted the importance of competitive hiring processes and performance reviews in combating complaints within the Union of nepotism and favoritism.²⁵⁷ The Monitor recommended that the Union develop job descriptions for positions that require professional or technical skills and utilize competitive hiring processes for non “political appointment” positions.²⁵⁸ These measures would help impose guardrails on the broad discretion afforded under the UAW Constitution to the President’s Office and Secretary-Treasurer’s Office when making hiring or promotion determinations and to ensure job competency is a factor when filling open positions. In the past, the latitude that allowed hiring without regard to qualifications led to a widespread perception that it was far more important who you knew (or who you were related to) than what you knew in order to secure a job.²⁵⁹ In its response to the Monitor’s recommendation, the Union wanted to retain wide discretion in filling “political” roles, but agreed to address the perceptions of nepotism and favoritism for nonpolitical roles by implementing the Monitor’s recommendations for them.²⁶⁰

After the Union was slow to implement the Monitor’s recommendations around job descriptions and hiring processes, in mid-2023, the Monitor issued supplemental Recommendations Nos. 9.1 and 11.1, to guide the Union’s efforts to implement the Monitor’s original recommendations in these areas:²⁶¹

- First, as to hiring processes, the Monitor recommended that the Union clarify its approach to filling positions through political appointments

²⁵⁷ Monitor’s Initial Status Report at 94-100.

²⁵⁸ Monitor’s Initial Status Report at 97-98 (Recs. 9, 11).

²⁵⁹ Monitor’s Initial Status Report at 94, 96-97.

²⁶⁰ Monitor’s Initial Status Report at 97-98.

²⁶¹ The Monitor first shared these supplemental recommendations with the Union in mid-2023.

versus competitive hiring processes.²⁶² Specifically, the Monitor recommended that the Union articulate and generate a list of which International staff roles are classified as political appointments so that it can consistently determine how to fill open roles (*e.g.*, post positions for competitive hiring or allow the hiring leader to fill the role based on political appointment), regardless of changes in personnel or leadership.²⁶³

- Second, as to job descriptions, the Monitor recommended that the Union create job descriptions for all existing positions—whether those positions are filled by political appointments or competitive hiring and regardless of whether they require professional or technical skills—so that it can assess whether a future candidate or appointee is the right fit for the role.²⁶⁴

These supplemental recommendations were intended to combat any lingering perceptions that the Union had not yet turned the page on a legacy of nepotism, favoritism, and retaliatory actions that historically chilled Union staff from voicing concerns about misconduct.²⁶⁵

Over the past year, the Union has made some progress on these recommendations. With respect to hiring, the Union has filled a number of open positions at the International Union through job postings that included detailed job descriptions and a competitive application process.²⁶⁶ To its credit, the Union has also drafted job descriptions for many existing junior International staff positions.²⁶⁷

However, the Union has not yet developed a system to articulate which positions are treated as political appointments and which roles should be filled through competitive hiring processes.²⁶⁸

²⁶² Recommendation 11.1.

²⁶³ *Id.*

²⁶⁴ Recommendation 9.1.

²⁶⁵ Monitor’s Initial Status Report at 70-74, 94-98.

²⁶⁶ Meeting with UAW (Jan. 25, 2023); Meeting with UAW (Oct. 25, 2023). As a point of reference, since November 2023, the Union has added at least two dozen International staff members from outside the Union via job postings and external resources. UAW Job Posting and Hiring Data (May 9, 2024).

²⁶⁷ Meeting with UAW (May 13, 2024); Meeting with UAW (May 15, 2024).

²⁶⁸ Meeting with UAW (May 13, 2024); Meeting with UAW (May 15, 2024). Although the Union does not have a distinct system, according to Human Resources, “a majority of positions are noted and posted internally and externally with processes to follow to recommend candidates and current staff to express interest in available roles.”

It also has not created job descriptions for more senior roles, including many Administrative Assistant or Department Head positions, which should have at least baseline requirements that will ensure the selected personnel are qualified to competently fulfill their job responsibilities. The Union is making progress to prepare outstanding job descriptions and should continue to prioritize these efforts, with particular focus towards more senior positions at the Union (e.g., Top Administrative Assistant positions).²⁶⁹

In order to clarify the Union's approach to filling positions through political appointments versus competitive hiring processes, and to accelerate the Union's in-progress efforts to formalize this approach and develop job descriptions, the Monitor makes the following two supplemental recommendations, which supersede Recommendation Nos. 9.1 and 11.1:

Monitor's Recommendation No. 9.2: By the end of 2024, and with the direct support of the President's Office and the Secretary-Treasurer's Office, the UAW should prepare job descriptions for all existing positions at the International Union.

- **Union's Response:** The UAW is committed to preparing job descriptions for all existing roles at the International Union and agrees to accept the Monitors' recommendation. With the input of the Monitor, a previously developed template will be expanded to capture the duties in detail for all current positions. This template will be sent to each department head to complete for all current positions within their respective departments. For all future positions developed, the completion of this form will be mandatory to maintain a current list of all job descriptions. The Union commits to the completion of outstanding job descriptions by the end of the year.
- **Monitor's Reply:** The Monitor appreciates the UAW's quick adoption of this Recommendation and looks forward to working with the Union to implement it.

Monitor's Recommendation No. 11.2: Within three months of this Report, and with the direct support of the President's Office and the Secretary-Treasurer's Office, the UAW should clarify its approach to filling positions through political appointments versus competitive hiring processes in order to ensure that the Union consistently hires competent personnel that will uphold its culture of compliance. The Union should articulate and generate a list of which International staff roles

²⁶⁹ The UAW's Human Resources Department is finalizing a template wherein each department can communicate descriptions for the specific jobs in their department. The Union plans to utilize this process to obtain the outstanding descriptions for existing jobs. Meeting with UAW (May 13, 2024); Meeting with UAW (May 15, 2024).

are classified as political appointments so that it can consistently determine how to fill open roles, regardless of changes in leadership.

- **Union’s Response:** The Union accepts the recommendation of the Monitor to specify which staff roles are classified as political appointments. The UAW will generate a list of which International staff roles are classified as political appointments within three months of this report.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s quick adoption of this Recommendation and looks forward to working with the Union to implement it.

J. Performance Management

In the Initial Status Report, the Monitor recommended that the Union implement a performance review process—a recommendation also issued by the Union’s former Internal Audit function as part of its original culture risk assessment in 2021.²⁷⁰ Taking action to encourage consistent performance reviews or evaluations can better ensure that key positions within the Union are held by qualified individuals and can combat perceptions of nepotism.²⁷¹ In response to the Monitor’s Initial Status Report, the Union indicated it would take under advisement the Monitor’s recommendation.²⁷² The Union then rejected the recommendation, asserting that it would not implement formal performance review and performance management processes due to existing collective bargaining agreements it has with certain classes of its employees, which the Union said prevented it from unilaterally implementing a performance review system.²⁷³ The Union indicated it would reconsider implementing a formal performance review and performance management process after the next round of collective bargaining negotiations with Staff Council, the union representing the majority of International staff members.²⁷⁴

²⁷⁰ Monitor’s Initial Status Report at 100-101 (Rec. 12).

²⁷¹ Monitor’s Initial Status Report at 98-101.

²⁷² Monitor’s Initial Status Report at 101.

²⁷³ Meeting with UAW (Nov. 14, 2022); Meeting with UAW (May 15, 2024).

²⁷⁴ Meeting with UAW (Nov. 14, 2022).

In response to the Union’s rejection of Recommendation No. 12, in mid-2023, the Monitor issued supplemental Recommendation No. 12.1 that, among other things, re-engaged with the Union and its new leadership to implement a performance management process. In particular, the Monitor recommended that the Union implement a formal performance review process for employees not subject to any collective bargaining agreement, and implement an informal process for consistent, constructive feedback and mentoring that can be instituted for employees subject to existing collective bargaining agreements until these agreements are renegotiated, at which time the UAW should prioritize the inclusion of a formal performance review process.²⁷⁵

In February 2024, the Union negotiated its latest collective bargaining agreement with Staff Council,²⁷⁶ and although the Union did not negotiate the inclusion of formal performance reviews, the Union has made certain inroads in establishing expectations for performance goals, feedback, and discipline. For example, the Union has adopted a new four-step progressive disciplinary process for International staff as a result of its collective bargaining agreement.²⁷⁷ In addition, the Union has initiated a “Managing for Change” training program to train Department Heads, Assistant Regional Directors, and Assistant Directors on management skills, including how to lead a team, evaluate employees, and provide real-time feedback.²⁷⁸ It is also preparing a “Leading for Change” program for IEB members and their Top Administrative Assistants, which will provide

²⁷⁵ Recommendation 12.1.

²⁷⁶ Meeting with UAW (May 15, 2024).

²⁷⁷ Meeting with UAW (May 15, 2024). Specifically, the process requires that, in the event disciplinary action for a minor offense is contemplated towards any Staff Council member, before termination may occur, the UAW must issue (1) an oral warning; (2) a written warning and an optional unpaid one-week suspension; and then (3) a final written warning with an unpaid two-week suspension or a performance improvement plan. Progressive Discipline Tentative Agreement (Feb. 28, 2024).

²⁷⁸ Meeting with UAW (May 15, 2024); Staff Development Presentation to IEB at 8 (Feb. 20, 2024); IEB Meeting (Feb. 20, 2024).

management training skills.²⁷⁹ The Union has conducted several “Managing for Change” sessions to date.²⁸⁰

These are positive improvements and a significant step forward for the Union, but it is too early to assess whether these newly adopted initiatives, which afford significant discretion to managers, will achieve the objectives of a formalized performance management program. Although these training initiatives may communicate the right principles and encourage the right behavior, they leave it up to Union personnel in leadership and management positions whether to set job-specific goals for the employees they manage or provide meaningful feedback on a regular cadence, if at all. It remains to be seen whether leaders and managers embrace the training they receive and actually implement the performance management tools handed to them. Those open questions raise concerns about the effectiveness of the Union’s informal approach and whether it will materially change the status quo. And, although discipline may be appropriately meted out for obvious performance failures, it is not clear how the graduated disciplinary process would remedy performance weaknesses that fall short of conduct that merits formal discipline.

The problems that animated the Monitor’s initial performance management recommendation in 2021 have not abated, and the Union must act with urgency to address them. As reflected in the April 2024 Culture Assessment Report, Union employees still perceive that the Union does not “hold people accountable for being bad at their job” or establish “clear objectives to guide employee performance.”²⁸¹ To finally put those perceptions to bed, Internal Audit has issued a recommendation, echoing the Monitor’s own recommendations, to create “a formal

²⁷⁹ Meeting with UAW (May 15, 2024); Staff Development Presentation to IEB at 7 (Feb. 20, 2024); IEB Meeting (Feb. 20, 2024).

²⁸⁰ Meeting with UAW (May 15, 2024); Managing for Change Session (May 30, 2024).

²⁸¹ Culture Assessment Report at 15 (Apr. 11, 2024); Monitor’s Initial Status Report at 98-101.

performance management process to ensure employees are provided feedback to appropriately address performance gaps and develop roadmaps for advancement (career path).”²⁸²

Because the Union’s Leading for Change and Managing for Change initiatives are so new, and the Union is still formalizing details around them, the Monitor has not yet had an opportunity to assess the full scope of the initiatives and whether they will achieve the objectives of a formal performance management process once fully developed and implemented. Based on the Monitor’s observations over the past three years, the Monitor issues the following supplemental recommendation, which supersedes Recommendation No. 12.1, to aid the Union as it creates and implements these initiatives:

Monitor’s Recommendation No. 12.2: Although the Monitor maintains that implementing a formal performance review is the best practice, given that the UAW has rejected this recommendation, the Monitor recommends that the Union, in consultation with the Culture Committee, and with oversight from the Compliance Department and Internal Audit, ensure that the Leading for Change and Managing for Change training programs address the Monitor and Internal Audit’s recommendations to institute a performance management process, including requirements that managers (i) define performance criteria and set job-specific goals, (ii) provide feedback to the personnel they manage on a periodic basis, and (iii) periodically assess the performance of the personnel they supervise relative to their goals.

- **Union’s Response:** The Union adopts the Monitor’s recommendation and is dedicated to implementing a comprehensive approach to performance management based on the Union’s core values and accountability to our members. As we transform our internal culture, we will collaborate with the Culture Committee, overseen by the Compliance Department, to incorporate the Monitor’s and Internal Audit’s guidance into our employee training programs. To address the recommendation, we will collaborate with department heads to (1) Define performance criteria and establish job-specific goals; (2) Ensure that managers provide regular feedback to staff and foster a culture of open, forward-looking feedback; and (3) Develop a process for assessing employee and supervisor performance. These steps are intended to

²⁸² Culture Assessment Report at 7 (Apr. 11, 2024).

support our objective of creating an internal culture that is equitable, sustainable, and accountable to our members at all levels.

- **Monitor's Reply:** The Monitor appreciates the UAW's quick adoption of this Recommendation and looks forward to working with the Union to implement it.

K. Training

In the Initial Status Report, the Monitor made several recommendations that the Union develop a formal training program to promote compliance in key control functions throughout leadership, key departments, and the broader Union.²⁸³ The Union has started to improve and formalize training, but, as in other areas, there remains significant work to be done.

Training on Ethics & Compliance Topics and Policies. In order to increase awareness and encourage compliance with new and updated policies, the UAW widely distributes policies to International Union employees and conducts training sessions on how policies should be implemented.²⁸⁴ Under the direction of the Staff Development Department, the Union has developed an impressive array of training modules for International staff that are well-organized and carefully tracked.²⁸⁵ Since January 1, 2023, the UAW has conducted dozens of mandatory and optional trainings on various policies including the Ethical Practices Code, Anti-Nepotism Policy and No Harassment and Discrimination Policy, vendor processes, the Code of Conduct, HIPAA compliance, the T&E Policy, the Conference Policy, and Anti-Corruption Policy, among others, for all International staff members and officers. Many trainings are thoughtfully constructed, and live trainings observed by the Monitor have been delivered in an effective manner. Most pre-

²⁸³ Monitor's Initial Status Report at 101-106 (Recs. 13-16).

²⁸⁴ Over the past two years, the UAW has hosted many in-person or live virtual training sessions and many mandatory online training sessions, including on new vendor processes, the P-Card and T&E Policies, and the UAW Code of Conduct. In response to Rec. 16, the UAW has hosted virtual training available to Accounting and Purchasing Department personnel on the T&E Policy, draft Procurement Policy, and related due diligence procedures. UAW Training Tracker (May 2, 2024).

²⁸⁵ UAW Training Tracker (May 2, 2024).

recorded courses include one or more short and easy-to-digest explanatory videos about the topic followed by PDF versions of the policy or procedure covered by the course.²⁸⁶ A number of courses remind employees to report policy violations and unethical conduct, consistent with the Monitor's recommendations.²⁸⁷ Overall, the Monitor commends the Union, led by the Staff Development Department, for its work to develop and administer these training courses.

As the Compliance Director observed, the Union has yet to institute a specified cadence of in-person compliance trainings, as recommended by the Monitor.²⁸⁸ The Union's main forum for live, in-person training on compliance and ethics topics is an annual "All Staff meeting." Per the Monitor's recommendation that the Union hold annual "town hall" meetings for all International employees, the UAW conducted its second annual "All Staff" meeting on November 17, 2022, which included training and question-and-answer sessions on the above-referenced policies.²⁸⁹ For example:

- The compliance and ethics-focused portions²⁹⁰ included an introduction from the new Compliance Director, an update from the former Ethics Officer and the Union's external consultant regarding the Ethics Hotline, and a wide-ranging substantive presentation by the UAW General Counsel and Compliance Director on various compliance topics, including but not

²⁸⁶ TalentLMS UAW Anti-Nepotism Policy Course; TalentLMS UAW Anti-Bribery and Corruption Policy Course; TalentLMS UAW Travel & Expense Reimbursement Policy Course; TalentLMS UAW Policy Framework Policy Course; TalentLMS UAW Conference Policy Course; TalentLMS UAW Code of Conduct Course.

²⁸⁷ TalentLMS UAW Anti-Nepotism Policy Course; TalentLMS UAW Travel & Expense Reimbursement Policy Course; TalentLMS UAW Policy Framework Policy Course.

²⁸⁸ Meeting with UAW (Oct. 24, 2023).

²⁸⁹ UAW All Staff Meeting (Nov. 17, 2022).

²⁹⁰ Pursuant to the Monitor's Recommendation 1, in addition to "All Staff" meetings, the UAW has also made compliance and ethics a standing item on the agenda for every IEB meeting. IEB Meeting (May 2, 2024); IEB Meeting (Feb. 20, 2024); IEB Meeting (Nov. 30, 2023). The UAW has also held mandatory anti-harassment and discrimination trainings for new hires. Since January 1, 2023, the UAW has conducted many mandatory trainings related to anti-retaliation and hostile work environments. UAW Training Tracker (May 2, 2024).

limited to anti-retaliation and hostile work environments, and the new policies detailed above.²⁹¹

- The training emphasized how the Union’s reputation going forward is “built on the choices each and every person on staff makes every day” and how they have a “responsibility to ask questions and raise concerns.”²⁹²
- The training provided information on how to report compliance and ethics concerns and instructed the International staff to relay that information to the rest of the Union membership.²⁹³

More than 500 staff members and officers attended the “All Staff” meeting in person, and more than 20 additional staff members attended make-up training sessions held in December 2022. Based on the Monitor’s observations, the “All Staff” meeting and make-up sessions were substantively robust, well-attended, and reflected the audience’s engagement with these important topics.²⁹⁴ The Union, however, has not held an “All Staff” meeting since November 2022, meaning the current President and many of the current members of the IEB have not yet had the opportunity to use this forum to directly address the Union to emphasize key compliance and ethics issues. Given the volume of new staff members and change across the Union, the Union would be well-served by conducting a similar session in the near term.

In order to hasten the Union’s full implementation of the Monitor’s first recommendation, which suggested, among other things, that the Union conduct an annual “All Staff” meeting on the expected culture of compliance at the Union, the Monitor has recommended that the Union delay

²⁹¹ UAW All Staff Meeting (Nov. 17, 2022).

²⁹² UAW All Staff Meeting (Nov. 17, 2022).

²⁹³ UAW All Staff Meeting (Nov. 17, 2022).

²⁹⁴ In addition, since the Monitor’s Third Status Report, the UAW has held or made available over a dozen live virtual or online additional trainings for International staff members on topics relevant to the Monitor’s compliance recommendations, including but not limited to vendor selection, vendor due diligence, and competitive bids, ethical practices, policies, and procedures, and financial and accounting policies and procedures. UAW Training Tracker (May 2, 2024). As noted above, in January 2023, the UAW also held an in-person IEB onboarding training session for new IEB members and their top staff members.

no more and quickly schedule and conduct another “All Staff” meeting before two full years have gone by since the last one. The Monitor issues the following supplemental Recommendation:

Monitor’s Recommendation No. 1.1: Within four months of this Report, the Union should hold an “All Staff” meeting hosted by the President, Compliance Director, and IEB conveying the core tenets of the Ethical Practices Codes and the culture of compliance expected of each and every official, employee and member of the UAW, and commit to a scheduled annual meeting.

- **Union’s Response:** The Union is working to hold an All Staff meeting by October 2024.
- **Monitor’s Reply:** The Monitor appreciates the UAW’s quick adoption of this Recommendation and looks forward to working with the Union to implement it.

Training for Financial Officers of Local Unions. The Monitor has also provided feedback to the Union on its efforts to train Local Union officials, primarily financial secretaries, who play an important role in managing Local Union finances and identifying potential financial misconduct. The primary training for these Local Union officials occurs at the Financial Officers’ Conference (“FOC”), an annual conference held every spring. At the FOC, Local Union presidents, financial secretaries, treasurers, trustees, recording secretaries, and bookkeepers receive “in-depth training and resources specific to the duties of their elected position,” including “extensive training on targeted topics like step-by-step instructions for completing the electronically filing [sic] LM and 990 forms, administrative rolls [sic] and responsibilities, and trustee training.”²⁹⁵ The Monitor’s previous feedback around Local Union official training has been tailored to the FOC, and after providing that feedback, a member of the Monitor’s Office attended the Union’s 2024 FOC in order to assess the content being taught and to speak with attendees regarding their feedback on the utility of the FOC in their understanding of the financial rules and processes relevant to their positions.

²⁹⁵ Letter from Secretary-Treasurer’s Office to Local Union Financial Officers (Feb. 7, 2024).

Overall, the Monitor observed that the content offered at the conference sessions was helpful in advancing the goal of preventing financial impropriety at the Local Union level.²⁹⁶ The Monitor has shared specific observations and feedback regarding the FOC with the UAW, particularly with respect to training on expenditures and gifts.²⁹⁷

L. Reporting, Investigation, and Disciplinary Processes

In multiple reports, the Monitor has emphasized the importance of building a culture in which Union employees and members alike feel empowered to report illegal activity or unethical conduct.²⁹⁸ To that end, the Monitor previously recommended that the Union adopt an anti-retaliation policy that protects those who report alleged misconduct, publicize avenues for reporting concerns, and formalize internal investigation processes, including documenting investigative steps and findings, devoting resources to investigations, and training investigators.²⁹⁹

Here too, the Union has made important strides in implementing these recommendations. For example, as noted above, in August 2022, the IEB approved a Code of Conduct, which includes a statement that the UAW will not tolerate retaliation against members and employees who report

²⁹⁶ For example, attendees received training on, among other topics, financial recordkeeping, both from employees of the UAW Auditing Department and representatives from OLMS; the proper process for obtaining three bids for all vendor work and the importance of doing so; the importance of following the UAW Constitution and Local Union bylaws regarding expenditures; how to conduct a trustee audit, including exercises in reading and analyzing financial statements; and how to report suspected financial misconduct (to the Auditing Department or the UAW's Ethics Hotline).

²⁹⁷ Meeting with Compliance Director (May 8, 2024). The Monitor observed that many attendees, including those who had attended past FOCs, were unaware of certain rules crucial to operating a Local Union properly, such as the requirement that the membership approve all expenditures and the prohibition on using Local Union funds to purchase gifts for the membership. This gap in knowledge suggests that improvements can be made to certain aspects of the FOC, including the structure of the conference and instruction in conference sessions, to help facilitate attendees' learning and retention of these important rules.

²⁹⁸ Monitor's Initial Status Report at 138-141; Monitor's Third Status Report at 25.

²⁹⁹ Monitor's Third Status Report at 25-28.

misconduct.³⁰⁰ The Code of Conduct and the Ethical Practices Code both emphasize the Union's stated commitment to a culture with the highest levels of integrity and ethical standards, and they provide Union employees with a variety of reporting options for any suspected violations. The UAW has broadly publicized these new codes on the Union's intranet site for Union employees, and they should be featured in the annual All Staff meeting training referenced above.³⁰¹

To implement the Monitor's recommendations, the UAW has also publicized avenues for employees to report misconduct. The President issued a memorandum to all International staff providing contact information for the Union's General Counsel, the UAW Ethics Hotline, and the Monitor's Hotline as avenues to report allegations of potential financial impropriety, corruption, and election-related misconduct.³⁰² The Union has also included the contact information for the Monitor's Hotline in the Union's live, virtual, and online trainings and on the Union's intranet site,³⁰³ and invited the former Ethics Officer and Ethics Ombudsman to speak to the IEB and

³⁰⁰ Specifically, the Code of Conduct provides: "The UAW will not tolerate retaliation against any member, employee, staff or official, who, in good faith, reports illegal or unethical activity (including violations of law, the UAW's Constitution, this Code or other UAW policies). Retaliation can include, but is not limited to, adverse career consequences and harassment. Good faith is raising a concern for which you have some reasonable factual basis and that you honestly believe is or may be true. Allegations found to have been knowingly false, harassing, or malicious are themselves a violation of the UAW's Code of Conduct." UAW Code of Conduct at 6-7. The Code of Conduct also states that "[a]nyone found to be in violation of [the policies] is subject to discipline, up to and including termination and removal from office, in accordance with the provisions set forth in the UAW Constitution." *Id.* at 7. This anti-retaliation message has also been reiterated in other applicable policies, including those discussed in this Report. Monitor's Initial Status Report at 138-140 (Rec. 37).

³⁰¹ The Union also provided substantively similar trainings for new hires, including the following: (1) January 2023 IEB Onboarding (in person); (2) Code of Conduct training (online); and (3) April 2023 mandatory new staff orientation for all employees hired over the past year (online). UAW Training Tracker (May 2, 2024). New International employees also must complete a module on the Ethical Practices Code during new hire orientation. Further, the Union maintains an Ethics section on the UAW website with information regarding the Ethical Practices Code. Monitor's Initial Status Report at 138-140.

³⁰² Memorandum from President to All UAW Personnel at 1 (Dec. 6, 2023).

³⁰³ The Union's intranet site, MyUAW, is made available to all International Union employees. This site now includes information on avenues to report compliance and other concerns, including to the Ethics Hotline, Legal Department, Compliance Department, HR Department, and the Monitor's Hotline. Monitor's Initial Status Report at 138-140 (Rec. 31).

International employees about the Ethics Hotline and measures to better promote and educate members about the Ethics Hotline.³⁰⁴ Nonetheless, as described above, the Union must continue working to build a culture of trust, ensuring staff feel comfortable raising concerns without fearing retaliation. Given the continued concerns regarding reporting misconduct raised by staff, a top priority of the Union's new Culture Committee should be to address the fear of retaliation, and the Union should train IEB members on how to address sensitive workplace issues that can contribute to concerns of retaliation.

The Union has also worked to develop new processes for investigating reports of misconduct and determining appropriate remedial measures, including discipline.³⁰⁵ Investigations at the Union have historically been decentralized, leading in some cases to parallel investigations into the same conduct by different departments. The Union also historically lacked a consistent, documented approach to determine appropriate disciplinary measures in the wake of substantial instances of misconduct.³⁰⁶ To address these issues, in February 2024, the Union developed a new system to centralize and streamline the intake and investigation of the complaints it receives, as follows:

- **Intake.** The UAW receives reports of potential misconduct through several channels, including through the President's Office, Secretary-Treasurer's

³⁰⁴ The former Ethics Officer presented at the February 2022 Ethics Advisory Committee meeting. The Monitor's team observed the former Ethics Officer present at the July 2022 Constitutional Convention, November 2022 IEB meeting, the All Staff meeting in November 2022, and February 2023 IEB meeting. Monitor's Recommendation 30; Constitutional Convention (July 28, 2022); IEB Meeting (Nov. 16, 2022); UAW All Staff Meeting (Nov. 17, 2022); IEB Meeting (Feb. 22, 2023). After three years of service, the Ethics Officer resigned in May 2023. As noted above, the UAW has selected a new Ethics Officer and is working through onboarding that individual.

³⁰⁵ As described above, the Union recently negotiated a new four-step progressive disciplinary process with Staff Council.

³⁰⁶ Monitor's Initial Status Report at 138-140.

Office, HR, Legal, Compliance, Regional offices, UAW Ethics Hotline,³⁰⁷ and from the Monitor. All complaints received by UAW International are now directed to the “Complaint Processing Committee” (consisting of the Compliance Director, Top Administrative Assistant to the President, Administrative Assistant over Appeals, and Top Administrative Assistant over Audits), which reviews the allegations in the complaint and determines next steps.³⁰⁸ For investigations conducted by the Union, the Monitor works with the Union to oversee and guide its process for investigation, with the goal of assisting the Union in developing a robust investigative process of its own. Specifically, all investigations into financial misconduct are initially referred to the Monitor for review; if referred back to the Union, those investigations are then processed as described below.³⁰⁹

- **Factual Investigation.** According to the Union’s new complaint processing procedure, after performing the initial review, the Complaint Processing Committee forwards HR- or personnel-related complaints to the “HR Complaint Review Committee” (consisting of the Compliance Director, Human Resources Director, Top Administrative Assistant over Human Resources, Assistant Director of Human Resources, and General Counsel) and all other complaints to the “Complaint Review Committee” (consisting of the Compliance Director, General Counsel, Deputy General Counsel, Top Administrative Assistant to President, Administrative Assistant over Appeals, and Executive Administrative Assistant to Secretary-Treasurer). These committees determine who should investigate the complaint and make the assignment. The investigator then conducts an investigation and prepares a report with factual findings.
- **Recommendations and Resolution.** After the investigation is complete, the complaint processing procedure requires the investigator to forward the factual report to the Complaint Processing Committee for review. If after reviewing the report the Complaint Processing Committee determines that discipline or other remedial action is necessary, the Complaint Processing Committee drafts written recommendations. If the complaint involves an IEB member, the Complaint Processing Committee forwards the factual report and recommendations to the “IEB Complaint Assessment

³⁰⁷ The UAW Ethics Hotline has a limited scope. The United Autoworkers (UAW) International Ethics Hotline Frequently Asked Questions, available at <https://uaw.org/wp-content/uploads/2023/11/UAW-Ethics-Hotline-FAQ.pdf>. The Monitor understands that the consultant overseeing the UAW Ethics Hotline, Capgemini (formerly Exiger), informs the UAW of complaints of interest to the UAW but out of the UAW Ethics Hotline’s scope, when appropriate.

³⁰⁸ This complaint process does not supplant any existing remedial mechanism provided for in the UAW Constitution, such as Article 12 (duties of the IEB), Article 30 (charges and trials of International Officers), Article 31 (trials of members), Article 32 (public review board), and Article 48 (Local Union audits).

³⁰⁹ As to matters outside his mandate, the Monitor’s role is to ensure the Union has in place sufficient and robust investigative processes.

Committee” (consisting of the Compliance Director, General Counsel, and Independent Ethics Officer (once that position is filled)). For all other complaints, the Complaint Processing Committee forwards the factual report and recommendations to the “Complaint Assessment Committee” (consisting of the Compliance Director, General Counsel, Top Administrative Assistant to President, Administrative Assistant over Appeals, and Executive Administrative Assistant to Secretary-Treasurer). These committees then decide whether to pursue the recommended discipline or other remedial action.

The development of this framework is a positive step in providing a more uniform approach to receiving, investigating, and remediating ethics and compliance concerns. These improvements create clear lines of accountability and divisions of responsibility for those involved in the process. The Union is currently working to memorialize this framework in a document that will provide formal guidance for processing complaints moving forward. The Monitor will continue to assess the Union’s use of this process and will observe the work of the newly-formed Complaint Processing and Complaint Assessment Committees, and will report on their work in future reports.

The UAW has also improved the process it uses to track its investigations and document their findings. In consultation with the Monitor, the UAW developed a spreadsheet to centrally track its investigations, audits, and Local Union administratorships. For each matter, this spreadsheet includes a summary of the key issues and allegations, investigative steps taken by the Union, its factual findings, and any remedial action taken. The spreadsheet also includes a link to the UAW’s internal document repository, which stores the documents collected, witness interview memoranda, investigative reports, and other relevant materials for each case. Because the Union previously had no systematic approach to recordkeeping in this context, the implementation of this system has greatly improved the Union’s ability to track its investigations across the enterprise and over time. The Monitor is continuing to work with the UAW on further refinements to this recordkeeping process, including advising on best practices for the structure, content, and scope of its investigative reports and documenting any remedial action taken.

The Union has also worked to build out and train its investigative team. The UAW staff who conduct investigations are spread out across multiple departments; previously, staff from one department did not communicate regularly with staff from other departments about their investigations.³¹⁰ In October 2023, after the Monitor expressed concern to the UAW about the pace at which certain UAW-led investigations were progressing,³¹¹ the Union established a more formal investigative team, led by the Compliance Director and including staff from Legal, HR, Auditing, and the President's Office.³¹² The investigative team now meets regularly to discuss the status of open investigations and assignments. The Monitor has observed that this has led to better communication and collaboration across departments and has allowed the Union to deploy its investigative resources more efficiently, prevent the duplication of work, and manage the utilization of its investigative team. Additionally, in December 2022, the UAW provided basic training on conducting internal investigations to its HR and Legal Department personnel, and the UAW is currently exploring retaining a vendor to conduct more advanced training for its investigative team.³¹³

The Union's efforts to implement needed controls around investigatory processes are an important step, and the Monitor will continue to assess and report on their implementation and effectiveness.

³¹⁰ Meeting with UAW (Dec. 20, 2022). In certain circumstances, the UAW may also retain outside counsel or ask Capgemini to conduct an investigation.

³¹¹ Meeting with UAW (Nov. 8, 2023) (including members of the Legal Department and Compliance Department).

³¹² Meeting with UAW (Nov. 15, 2023) (including members of the Legal Department, Compliance Department, Auditing Department, and President's Office).

³¹³ UAW Training on Conducting HR Investigations (Dec. 14, 2022).

II. UPDATE ON ELECTIONS

As described in the Monitor’s previous reports, one of the Monitor’s core responsibilities under the Consent Decree is to oversee the Union’s elections of its leadership during the term of the monitorship.³¹⁴ In several prior reports, the Monitor reported on his activities relating to that mandate, most recently in the Monitor’s Eighth Status Report in December 2023, which provided the Court with a comprehensive overview of the Monitor’s election-related work for the 2022 UAW International Officer Election and the 2023 UAW International Officer Run-Off Election (the “2022 Election”), as well as the Monitor’s recommendation that the Union create a working group concerning the upcoming election of International Officers in 2026 (the “2026 Election”).³¹⁵

Since the filing of the Eighth Status Report, the UAW has established the “UAW Election Committee”—comprised of various stakeholder groups from within the Union (including representatives from the IEB, Secretary-Treasurer’s Office, Legal Department, ITS Department, Accounting Department, and Retired Workers Department). That Committee is tasked with recommending election-related reforms to the IEB, and otherwise preparing the Union for the 2026 Election.

On January 30, 2024, the UAW Election Committee held its first meeting and the Committee has since conducted regular meetings. The Committee’s initial focus has been on the Union’s recordkeeping system, potential alternative voting methods, the implementation of campaign finance rules, the Constitutional interpretation of key terms, and the timeline for the 2026 Election. During the Committee’s meetings, the Monitor has emphasized the need for the

³¹⁴ Monitor’s Eighth Status Report; Monitor’s Initial Status Report; Monitor’s Second Status Report, *United States v. Int’l Union, United Auto., Aerospace & Agric. Implement Workers of Am.* (May 11, 2022), Civil No. 20-cv-13293, ECF No. 59 (“Monitor’s Second Status Report”).

³¹⁵ Monitor’s Eighth Status Report at 5-25.

Union to act quickly on any reforms or changes in advance of 2026 so that there is sufficient time to implement them reliably.

One key initiative of the UAW Election Committee is an effort to improve the quality of the Union's membership records, including member contact information and voter eligibility status, called the "Membership Record Data Project." As detailed in the Monitor's prior reports, the Union's first-ever direct election of International Union Officers entailed substantial efforts to vet and update the Union's membership records,³¹⁶ which to that point had not been used for a Union-wide mail-in election.³¹⁷ As part of his work with the Union, the Monitor encouraged the UAW Election Committee to undertake additional measures to further improve the UAW's member and mailing lists in advance of the 2026 Election. The Union's Membership Record Data Project has been undertaken in response to that recommendation and is intended to further improve the accuracy and completeness of the Union's membership records and to enhance the Union's processes for maintaining and updating those records.

As part of Membership Record Data Project, the UAW engaged in a competitive bid process to select an external consultant to work with the Union and the Monitor to: (1) audit and improve the quality of the UAW's member records; and (2) revise the UAW's system for collecting and maintaining current, accurate membership record data. After receiving proposals from seven prospective vendors, as of the date of this Report, the Committee has selected what it believes to be the best candidate, and is preparing to submit that candidate to the IEB for approval.

³¹⁶ Monitor's Eighth Status Report at 8-12.

³¹⁷ Further, the quality of the Union's recordkeeping practices was subject to several challenges by Union members. Monitor's Eighth Status Report at 17-19. In reviewing one such challenge, the Department of Labor ("DOL") determined that the Monitor and the UAW took reasonable steps to maintain an accurate mailing list of last known addresses, and to find correct member addresses, and that therefore, there was no violation of the Labor Management Reporting and Disclosure Act ("LMRDA") concerning the 2022 Election.

Also, consistent with the Monitor’s recommendations, in May 2024, the UAW created its first Membership Department, which is tasked with, among other things, overseeing and managing the Union’s ongoing work to update and maintain accurate and reliable member records. The Membership Department will work closely with the above-referenced external consultant and the Monitor to implement changes and establish improved policies and procedures for keeping track of member data. The Membership Department will also work collaboratively with Local Unions and the UAW’s Retired Workers Department to ensure the success of its mission.

The Monitor will continue to work with the UAW Election Committee on these issues and will report further on its progress in subsequent reports. Further, in the coming months, and pursuant to the Consent Decree, the Monitor will, in consultation with the UAW, develop the Official Rules for the 2026 Election (the “Election Rules”). Further detail around the development of the Election Rules and their enforcement mechanisms, as well as other election-related activities, will also be included in future reports.

* * *

Pursuant to Paragraph 58 of the Consent Decree, the foregoing Report constitutes the tenth report of the Monitor, Neil M. Barofsky.

Date: July 12, 2024



Neil M. Barofsky, Monitor

*Respectfully filed with the Court on behalf
of the Monitor by counsel to the Monitor,*

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Index of Exhibits

Exhibit A

Monitor's Recommendation Table

Exhibit A

Exhibit A: The Monitor's Recommendations

The table below lists each of the Monitor's interim recommendations and indicates the status of the UAW's implementation of each recommendation—(1) Implemented; (2) Partially Implemented; (3) Partially Rejected; (4) Not Implemented; and (5) New Recommendation—which are defined as follows:

- **Implemented:** The Union has fully implemented the recommendation.
- **Partially Implemented:** The Union has demonstrated progress toward implementing some or all of the recommendation, but has not yet implemented the full recommendation.
- **Partially Rejected:** The Union has stated it will not fully implement the recommendation.
- **Not Implemented:** The Union has not demonstrated progress toward implementing the recommendation.
- **New Recommendation:** The Union has newly received this recommendation.

The Monitor will continue to report on the Union's efforts to implement these recommendations, particularly as many processes and functions become more established. The table records the status of progress effective as of **July 12, 2024**.

No.	Recommendation	Status	Comments
1	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW:		<i>See</i> Monitor's Initial Status Report at 73-74; <i>see</i> Monitor's Tenth Status Report at 5-6, 18-19, 37-38, 52, 75-78, 81.
	(a) Conduct an annual "Town Hall" (or "All Staff" meeting like the one held on September 10, 2021) hosted by the President and International Executive Board ("IEB") members conveying the core tenets of the Ethical Practices Codes and the culture of compliance expected of each and every official, employee and member of the UAW;	Subpart (a): Partially Implemented	Subpart (a): The UAW held an All Staff meeting in November 2022, but did not hold such a meeting in 2023.
	(b) Make compliance and ethics a standing item on the agenda for every IEB meeting	Subpart (b): Implemented	Subpart (b): The Compliance Director presents compliance and ethics information to the IEB at every

No.	Recommendation	Status	Comments
	and “All Staff” meeting with information obtained from a new Compliance and Ethics Committee recommended by Exiger and joined by the Monitor;		IEB meeting. The UAW addressed compliance and ethics at the November 2022 All Staff meeting.
	(c) Communicate regular compliance updates and ethics messaging by the President, the newly appointed Compliance Director (Recommendation No. 3), and the Ethics Officer; and	Subpart (c): Partially Implemented	Subpart (c): The Compliance Director has sent compliance update emails to International staff, but has not yet established a regular cadence. The Compliance Director has expressed her intent to send updates at least quarterly moving forward. The President has not formally communicated regular compliance updates and ethics messaging. The Ethics Officer role has been vacant for approximately one year, though the UAW has named an Ethics Officer and is working through onboarding that individual. The former Ethics Officer communicated compliance and ethics messaging.
	(d) Create easily accessible and clear policies and procedures to codify the UAW’s stance on prohibited activity.	Subpart (d): Implemented	Subpart (d): Since the Monitor’s Third Status Report, the Union has adopted, implemented, and trained on several new policies recommended by the Monitor to increase transparency, reduce favoritism and nepotism, improve accountability, and rebuild trust in the Union, including its first ever Anti-Nepotism Policy, a revamped policy against harassment and discrimination, an Anti-Bribery and Corruption Policy, a Conflicts of Interest Self-Disclosure Form, a revised Code of Conduct, and created a UAW Policy Manual of all policies implemented over the past two years which is available to all employees on the Union’s intranet site.

No.	Recommendation	Status	Comments
1.1	Within four months of this Report, the Union should hold an “All Staff” meeting hosted by the President, Compliance Director, and IEB conveying the core tenets of the Ethical Practices Codes and the culture of compliance expected of each and every official, employee and member of the UAW, and commit to a scheduled annual meeting.	New Recommendation	<i>See</i> Monitor’s Tenth Status Report at 76-78.
2	The Monitor recommends that the UAW make the May 2020 Report from Exiger available to the Monitor pursuant to its common interest agreement with the Monitor and the Court’s 502(d) Order.	Implemented	<i>See</i> Monitor’s Initial Status Report at 75-82; <i>see</i> Monitor’s Third Status Report at 19.
3	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW establish a Compliance Director with specific roles and responsibilities to ensure adherence to applicable federal, state, and local rules and regulations. The UAW should provide adequate authority and autonomy to the Compliance Director to make meaningful decisions, and ensure that the appointed individual has significant and relevant compliance expertise and knowledge of applicable federal, state, and local rules and regulations. The UAW should promptly post the position for a Compliance Director and begin the search process immediately;	Implemented	<i>See</i> Monitor’s Initial Status Report at 74-75, 83; <i>see</i> Monitor’s Tenth Status Report at 8, 36-37. In September 2022, the UAW hired a Compliance Director and established a Compliance Department that reports to the UAW President.

No.	Recommendation	Status	Comments
	while the position remains open, the Legal Department should cover the responsibilities of the Compliance Director until the position is filled to avoid any further delay.		
4	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW establish a risk-based and right-sized Compliance function run by the Compliance Director that reports to the President's Office and to the Compliance and Ethics Committee described in Recommendation No 6.	Implemented	<p><i>See</i> Monitor's Initial Status Report at 74-75, 83; <i>see</i> Monitor's Tenth Status Report at 37-40.</p> <p>The UAW has established a Compliance Department that reports to the UAW President. Since its inception, the Compliance Department has consisted of only the Compliance Director and one secretary, with assistance from a legal assistant. In February 2024, the Compliance Director requested and received approval for two additional administrative staff for the Compliance Department to provide support and perform analysis. In April 2024, the Compliance Director publicly posted the two Compliance Analyst positions, and in May 2024, the Compliance Director filled one of these positions.</p>
5	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW develop and conduct a periodic risk assessment of the International Union; the new Compliance function should lead the periodic risk assessment, and in the interim until a Compliance function is in place, the assessments should be conducted by Internal Audit and reported directly to the IEB.	Partially Implemented	<p><i>See</i> Monitor's Initial Status Report at 74-75, 83; <i>see</i> Monitor's Tenth Status Report at 37-39, 45-46.</p> <p>Internal Audit conducted risk assessments in both 2022 and 2023 based on interviews of nearly two dozen UAW leaders and its assessment of the UAW's Audited Financial Statements, LM-2 Reports, prior audit findings, and industry risk factors, among other considerations. The Compliance Director intends to conduct periodic risk assessments separate from those conducted by Internal Audit, but thus far has reported not having the resources to do so.</p>

No.	Recommendation	Status	Comments
6	<p>Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW create a Compliance and Ethics Committee of individuals that would include the Compliance Director (as the head/owner of the Compliance and Ethics Committee), and might include the Head of the Legal Department, Head of Human Resources (“HR”), Head of Internal Audit, the UAW Ethics Officer, key senior staff, or other members of the UAW. The Compliance and Ethics Committee should have autonomy and a direct reporting line to the IEB with overall responsibility to prevent or correct corruption and unethical behavior. The UAW should define the mission, roles and responsibilities of the newly created Compliance and Ethics Committee. The Compliance and Ethics Committee should:</p>	Partially Implemented	<p><i>See</i> Monitor’s Initial Status Report at 83-84; <i>see</i> Monitor’s Tenth Status Report at 40-44.</p> <p>The UAW formalized and approved the governing documents for the Compliance and Ethics Committee in November 2022. Pursuant to the Compliance and Ethics Committee’s governing documents, the stated purpose of the Compliance and Ethics Committee is to elevate compliance and ethics issues to UAW leadership. The Compliance and Ethics Committee reports directly to the IEB.</p>
	<p>(a) Oversee and be accountable for implementing the Recommendations in this Report, as well as other recommendations and policies (from Exiger, Internal Audit, and Deloitte described in this Report) that have stalled in implementation; until the Compliance and Ethics Committee is in place, the UAW should form a subcommittee of the IEB or some other similar mechanism with the appropriate</p>	Subpart (a): Not Implemented	<p>Subpart (a): The Compliance and Ethics Committee has not served a key role envisioned for it, which was to ensure accountability for implementing the Monitor’s recommendations and other reforms in a timely manner. The Compliance and Ethics Committee has yet to discuss the status of implementation efforts at its meetings or solicit information from departments like Accounting or ITS to provide progress reports on their implementation efforts.</p>

No.	Recommendation	Status	Comments
	<p>stature and authority to oversee and be accountable for that work;</p> <p>(b) Going forward, address matters to include, but not be limited to, potential violations of applicable laws and regulations and associated remedial actions, status of internal investigations, discussion of emerging risk areas, key risk indicators, significant deviations from UAW policies and procedures by employees, high risk vendor and other third party relationships, relevant legal and regulatory developments, the results of recent audit, or any other significant compliance and ethics-related issues; and</p> <p>(c) Meet on a periodic, at least quarterly, basis or more as needed.</p>	<p>Subpart (b): Partially Implemented</p> <p>Subpart (c): Implemented</p>	<p>Subpart (b): The Compliance and Ethics Committee's meetings generally focus on a handful of discrete agenda items, such as results of recent audits or review of the President and Secretary-Treasurer's expenses, and the discussion is largely carried by the Compliance Director with little contribution from other committee members. Although the Compliance and Ethics Committee has discussed and addressed certain compliance items, like exceptions to the T&E Policy, the Compliance and Ethics Committee has not yet engaged in meaningful discussion about compliance and ethics risk areas, trends, or cultural challenges within the Union, despite opportunities to do so.</p> <p>Subpart (c): Since the Compliance and Ethics Committee's first meeting on February 8, 2023, the group has met at least quarterly, with one exception (February 2024).</p>
6.1	<p>To improve the CEC's effectiveness and impact as a core governance and oversight body responsible for elevating compliance and ethics issues to the UAW's leadership, the Monitor recommends that the CEC (1) include as standing members personnel who have subject matter expertise on compliance risk areas, including but not</p>	New Recommendation	See Monitor's Tenth Status Report at 40-44.

No.	Recommendation	Status	Comments
	<p>limited to personnel from Accounting, ITS, and Purchasing;</p> <p>(2) include as a standing agenda item discussion regarding the status and progress of recommendation implementation; and</p> <p>(3) revisit the CEC Terms of Reference, approved by the IEB in November 2022 and prepare a plan for achieving the CEC's core mission within 90 days of this Report.</p>		
7	<p>The Monitor adopts Exiger's recommendation that the UAW implement a formal process for monitoring material updates to federal, state, and local legal and regulatory and reporting requirements, and designate a UAW employee responsible for the implementation and ownership of that process.</p>	Implemented	<p><i>See</i> Monitor's Initial Status Report at 84-86.</p> <p>The UAW has implemented processes for monitoring material updates to federal, state, and local legal and regulatory and reporting requirements, and has designated a UAW employee responsible for the implementation and ownership of that process.</p>
8	<p>In order to promote the independence of the UAW's Internal Audit Department and mitigate the risk of undue pressure or influence on Internal Audit, the Monitor will work with the UAW and Deloitte to clarify the roles, responsibilities, and reporting structure of the UAW's Internal Audit Department and external consultants who provide the UAW with internal audit services.</p>	Implemented	<p><i>See</i> Monitor's Initial Status Report at 86-89; <i>see</i> Monitor's Third Status Report at 21-22; <i>see</i> Monitor's Tenth Status Report at 44-50.</p> <p>In June 2022, the Union engaged a new external service provider, the Rehmann firm, to serve as the Union's Internal Audit function. Rehmann has assumed this responsibility in an unconflicted manner, and formed a solid reporting line to the IEB, and a dotted reporting line to the Compliance Department, through which report drafts are shared before they are presented to the IEB.</p>

No.	Recommendation	Status	Comments
9	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW develop job descriptions for certain job openings within the UAW, including qualification requirements, if appropriate. At a minimum, the UAW should develop job descriptions for all positions in the Accounting Department, Purchasing Department, Internal Audit, Investments, Information Technology, as well as any other departments that contain positions the UAW considers to require professional or technical skills.	Superseded by Recommendation 9.1	<i>See</i> Monitor's Initial Status Report at 94-97.
9.1	The Monitor recommends that the UAW create job descriptions for all existing positions at the International Union so that it can assess whether a future candidate or appointee, even if political, is the right fit for the role.	Superseded by Recommendation 9.2	<i>See</i> Monitor's Initial Status Report at 94-97; <i>see</i> Monitor's Tenth Status Report at 68-71.
9.2	By the end of the year, and with the direct support of the President's Office and the Secretary-Treasurer's Office, the UAW should prepare job descriptions for all existing positions at the International Union.	New Recommendation	<i>See</i> Monitor's Tenth Status Report at 68-71.
10	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW create a nepotism policy that:	Implemented	<i>See</i> Monitor's Initial Status Report at 94-98; <i>see</i> Monitor's Tenth Status Report at 52. In September 2022, the IEB voted to approve an Anti-

No.	Recommendation	Status	Comments
	<p>(a) Prohibits UAW officials from using their status as a UAW official to hire family members and other close personal friends without demonstrated qualifications for the position;</p> <p>(b) Requires candidates for those positions to disclose whether they have a relative working at the UAW; and</p> <p>(c) Requires Human Resources to review the information disclosed in response to Recommendation 10(b), in consultation with Compliance Director as needed, to determine whether a conflict of interest exists.</p>		<p>Nepotism Policy which prohibits individuals from having direct supervisory authority over their relatives and creates a mechanism for restructuring supervisory relationships to avoid actual or potential conflicts of interest. The Anti-Nepotism Policy also requires employees to complete disclosure forms that are reviewed by the Compliance Director and Human Resources Director to determine whether any conflicts of interest exist.</p>
11	<p>The Monitor recommends that open staff positions at the International Union, other than the Executive and Top Administrative Assistant positions, should be advertised to International Union personnel to afford them an opportunity to apply and be considered for the staff position.</p>	<p>Superseded by Recommendation 11.1</p>	<p><i>See</i> Monitor's Initial Status Report at 94-98.</p>
11.1	<p>The Monitor recommends that the UAW clarify its approach to filling positions through political appointments versus competitive hiring processes in order to ensure that the Union consistently hires competent personnel that will uphold its new culture of compliance. The Union should articulate and generate a list of which International staff roles are classified</p>	<p>Superseded by Recommendation 11.2</p>	<p><i>See</i> Monitor's Initial Status Report at 94-98; <i>see</i> Monitor's Tenth Status Report at 68-71.</p>

No.	Recommendation	Status	Comments
	as political appointment so that it can consistently determine how to fill open roles, regardless of changes in leadership or HR hiring personnel.		
11.2	Within three months of this Report, and with the direct support of the President's Office and the Secretary-Treasurer's Office, the UAW should clarify its approach to filling positions through political appointments versus competitive hiring processes in order to ensure that the Union consistently hires competent personnel that will uphold its culture of compliance. The Union should articulate and generate a list of which International staff roles are classified as political appointments so that it can consistently determine how to fill open roles, regardless of changes in leadership.	New Recommendation	<i>See Monitor's Tenth Status Report at 68-71.</i>
12	Joining and building on recommendations made by Exiger and the discussion point raised by Internal Audit, the Monitor recommends that the UAW develop International Union-wide performance review and performance management processes, taking into account any limitations on those processes under its collective bargaining agreements. The performance review and management processes should be overseen by Human Resources in consultation with the	Superseded by Recommendation 12.1	<i>See Monitor's Initial Status Report at 98-101; see Monitor's Tenth Status Report at 71-75.</i>

No.	Recommendation	Status	Comments
	<p>Compliance and Ethics Committee.</p> <p>The performance review process should:</p> <ul style="list-style-type: none"> (a) Develop categories in which each staff member or employee will be evaluated; (b) Periodically appraise employees of their strengths and weaknesses; (c) Evaluate the heads of departments to ensure that they are qualified and performing at the requisite level; and (d) Include an assessment of disciplinary actions and adherence to the UAW's compliance and ethical standards when considering an employee of the International for advancement. <p>In addition, supervisors should have a performance management process that includes:</p> <ul style="list-style-type: none"> (a) Mentoring for junior staff to always act ethically and with integrity, a message that should be continuously reinforced; (b) Periodic check-ins to discuss employee projects, concerns and progress, including any ethics and compliance issues that require discussion and 		

No.	Recommendation	Status	Comments
	follow-up;		
	(c) Constructive feedback, which creates a sense of comfort and trust; and		
	(d) Fostering a speak-up culture.		
12.1	The Monitor recommends that the UAW implement a formal performance review process for employees not subject to any collective bargaining agreement, and implement an informal process for consistent, constructive feedback and mentoring that can be instituted for employees subject to existing collective bargaining agreements until these agreements are renegotiated, at which time the UAW should prioritize the inclusion of a formal performance review process.	Superseded by Recommendation 12.2	<i>See</i> Monitor's Initial Status Report at 98-101; <i>see</i> Monitor's Tenth Status Report at 71-75.
12.2	The Monitor recommends that the Union, in consultation with the Culture Committee, ensure that the Leading for Change and Managing for Change training programs address the Monitor and Internal Audit's recommendations to institute a performance management process, including requirements that managers (i) define performance criteria and set job-specific goals, (ii) provide feedback to the personnel they manage on a periodic basis, and (iii) periodically assess the performance of the personnel they supervise relative to their	New Recommendation	<i>See</i> Monitor's Tenth Status Report at 71-75.

No.	Recommendation	Status	Comments
	goals.		
13	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW develop policies and procedures with core annual compliance and ethics training requirements for the entire International Union on regulatory expectations and UAW Policies and Procedures. The training should include real-life examples and include guidance on how to obtain ethics advice as needs arise.	Implemented	<p><i>See</i> Monitor’s Initial Status Report at 101-105; <i>see</i> Monitor’s Tenth Status Report at 75-77.</p> <p>Under the direction of the Staff Development Department, the Union has developed an impressive array of training modules for International staff that are well-organized and carefully tracked. Since January 1, 2023, the UAW has conducted dozens of mandatory and optional trainings on various policies including the Ethical Practices Code, Anti-Nepotism Policy and No Harassment and Discrimination Policy, vendor processes, the Code of Conduct, HIPAA compliance, the T&E Policy, the Conference Policy, and Anti-Corruption Policy, among others, for all International staff members and officers.</p>
14	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW conduct mandatory training on anti-retaliation and hostile work environments for all International Union personnel, including officials, staff, and clerical employees.	Implemented	<p><i>See</i> Monitor’s Initial Status Report at 101-105; <i>see</i> Monitor’s Tenth Status Report 75-77.</p> <p>The UAW conducted training on anti-retaliation and hostile work environments at the November 2022 All Staff meeting. Since January 1, 2023, the UAW has conducted many mandatory trainings related to anti-retaliation and hostile work environments.</p>
15	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW provide specific additional training required for certain groups within the UAW (IEB members, Department Heads, and Department personnel) and create and maintain a tracker for mandatory	Implemented	<p><i>See</i> Monitor’s Initial Status Report at 101-105; <i>see</i> Monitor’s Tenth Status Report at 75-78.</p> <p>The Compliance Director and Staff Development Department have hosted or made available numerous in-person, live virtual, and online trainings responsive to this recommendation as well as a process to track</p>

No.	Recommendation	Status	Comments
	<p>periodic training listing the date/time/place of training, who attended the training, and who has failed to attend the training. This list should be maintained by the Education or Staff Development Department and forwarded to the Compliance Director and Compliance Department, and the UAW should create disciplinary actions for International officials and employees who fail to consistently attend mandatory trainings.</p>		<p>those trainings. The UAW has shared that it plans to follow the Union's new progressive discipline framework to address employees who fail to consistently attend mandatory trainings.</p>
16	<p>The Monitor recommends that the UAW devote additional resources to training the existing staff and employees in the Accounting and Purchasing Departments to ensure they have the technical expertise to perform the responsibilities assigned to them, including responsibilities under the new and draft policies developed with input from Deloitte and the Recommendations contained in this Report.</p>		<p><i>See</i> Monitor's Initial Status Report at 101-106; <i>see</i> Monitor's Tenth Status Report at 75-78.</p>
	<p>(a) Prioritize role-specific training for existing staff who oversee Accounts Payable and Payroll, and administrative assistants and administrative accountants who are responsible for reviewing employee expenditures and vendor payments, to serve as an effective check on payments before they are made; any new hires into those positions should have formal accounting</p>	<p>Subpart (a): Implemented</p>	<p>Subpart (a): The UAW has hosted trainings available to Accounting and Purchasing Department personnel on the T&E Policy, draft Procurement Policy, and related due diligence procedures, among other topics.</p>

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	degrees, formal education in accounting, or substantial accounting experience;		
(b)	Prioritize role-specific training for personnel in the Purchasing Department with responsibilities under the Procurement Policy and these recommendations; evaluate whether additional hires are needed for the Purchasing Department, and if so, hire personnel who have significant experience with procurement and due diligence procedures;	Subpart (b): Implemented	Subpart (b): The UAW has hosted virtual trainings available to Purchasing Department personnel covering vendor selection and due diligence, among other topics.
(c)	Develop and implement a plan within the next 30 days to provide formal, role-specific training to all Accounting and Purchasing Department staff and clerical employees; training should be completed within 90 days;	Subpart (c): Implemented	Subpart (c): Accounting and Purchasing Department personnel have received virtual training.
(d)	Provide immediate, comprehensive, and in-person training on the T&E Policy to all Accounting Department personnel who did not receive in-person training;	Subpart (d): Implemented	Subpart (d): The UAW has hosted virtual training available to Accounting Department personnel on the T&E Policy.
(e)	Provide comprehensive, in-person, role-specific training to all Accounting and Purchasing Department personnel on the draft Procurement Policy and related due diligence procedures contained in Recommendation No. 25 once they are	Subpart (e): Implemented	Subpart (e): The UAW has hosted virtual training available to Accounting and Purchasing Department personnel on the draft Procurement Policy and related due diligence procedures.

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	finalized and implemented.		
17	<p>Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW implement a formal budgeting process, starting no later than fiscal year 2023, for all International Union departments and regions on an annual basis in order to establish expected spending by department and region.</p>	Partially Implemented	<p><i>See</i> Monitor’s Initial Status Report at 106-107; <i>see</i> Monitor’s Tenth Status Report at 66-67.</p> <p>Beginning in summer 2023, the Union engaged an external consultant to help it develop a formal budgeting process. That rollout included three phases scheduled from 2023 to 2025 and is currently on track with the initial schedule.</p> <p>As of the date of this Report, the Union has completed the first phase of the project, and has conducted a series of working sessions and trainings to introduce Union leaders to the formal budgeting process. At the May 2024 IEB meeting, the IEB approved two process documents—a planning calendar process document and responsibility matrix process document—that lay out specific milestones for the annual budget planning process and reflect responsibility for carrying out specific tasks.</p>
18	<p>The Monitor recommends that, within 30 to 60 days of this Report, the UAW work with the Monitor and Deloitte to finalize the eleven remaining draft accounting and IT policies, and that the IEB subsequently vote on them, as well as on the IT upgrades necessary to allow their implementation.</p>	Partially Implemented	<p><i>See</i> Monitor’s Initial Status Report at 107-113; <i>see</i> Monitor’s Tenth Status Report at 52-55.</p> <p>After the Monitor initially suggested implementation of the policies within 30 to 60 days of the Initial Status Report, the Union pledged it would do so within approximately 60 days of the November 11, 2021 date of the Initial Status Report. Although the majority of policies have since been approved, the IEB has still not approved three policies that it had committed to enact more than two years ago: (1) Procurement Policy; (2)</p>

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18.1	By the end of 2024, the Union should finalize, approve, and fully implement the Procurement Policy, including the development and issuance of training for all International staff on the full Policy.	New Recommendation	CAP and PAC Policy; and (3) Cash Policy. <i>See</i> Monitor’s Tenth Status Report at 61-63.
19	The Monitor recommends that the UAW revise the T&E Policy to clarify the scope of “Master Billing Arrangements” under the policy, and/or develop an implementing procedure for Master Billing Arrangements, and expressly require that all expenses submitted under Master Billing Arrangements include itemized receipts and supporting documentation.	Implemented	<i>See</i> Monitor’s Initial Status Report at 114-119; <i>see</i> Monitor’s Tenth Status Report at 58-61. In November 2022, the IEB approved the Conference Policy, which took effect on January 1, 2023, to bring greater oversight to and accountability for conference expenditures, including Master Billing Arrangements.
20	The Monitor recommends that the newly-created Compliance Department conduct periodic risk-based reviews, as part of its monitoring responsibilities, of compliance with the T&E Policy and the draft Department Purchasing Card Policy. The review should include the following: (a) Expenditures on Corporate Cards, Enhanced Corporate Cards, and P-Cards; (b) First-class airline ticket use under the T&E Policy;	Implemented	<i>See</i> Monitor’s Initial Status Report at 114-119; <i>see</i> Monitor’s Tenth Status Report at 37-39. The Compliance Department continues to conduct risk-based reviews of compliance with the T&E Policy, P-Card Policy, changes to corporate cards, policies, and vendor relationships.

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	<p>(c) Alcohol purchases;</p> <p>(d) Business entertainment;</p> <p>(e) Employee-related travel and expenses paid in cash or charged to personal cards;</p> <p>(f) Master Billing Arrangements;</p> <p>(g) Documentation of the legitimate business purpose supporting reimbursement of expenses under the T&E Policy and the draft Department Purchasing Card Policy</p>		
21	The Monitor recommends that the Compliance Department conduct quarterly reviews of changes to UAW-issued corporate cards approved by the Secretary-Treasurer under the T&E Policy and the draft Department Purchasing Card Policy, including the Secretary-Treasurer's approval of new card users and credit limit increases.	Implemented	<p><i>See</i> Monitor's Initial Status Report at 114-119; <i>see</i> Monitor's Tenth Status Report at 37-39.</p> <p>The Compliance Director continues to conduct risk-based reviews of changes to UAW-issued corporate cards consistent with this recommendation. The Compliance Department has conducted risk-based reviews of compliance with the T&E Policy and P-Card Policy.</p>
22	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW centralize oversight of the Regional CAPs, including centralizing the reporting of all Regional CAP and PAC activity and contributions as part of the recommended Compliance and Ethics	Partially Implemented	<p><i>See</i> Monitor's Initial Status Report at 114-120; <i>see</i> Monitor's Tenth Status Report at 55-58.</p> <p>As of June 2024, just over half of the regional CAP and PAC accounts have been fully or partially migrated to the centralized system. To supplement those efforts, the Union has implemented certain measures in an</p>

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	Committee. In the interim, oversight of improvements to the Regional CAP and PAC activities, including implementation of the UAW’s draft policy on CAPs and PACs and the UAW’s “plan of action” on CAPs and PACs, should be overseen by a subcommittee of the IEB per Recommendation No. 6.		effort to improve controls over CAP and PAC accounts still managed by the Regions and provide Accounting with some transparency over the accounts (such as publishing guidance regarding CAP and PAC account bank reconciliations, financial statement reviews, and disbursement approvals).
22.1	By the end of 2024, the Union should finalize, approve, and implement the CAP and PAC Policy, and commit to a timeline for completing Regional CAP and PAC account centralization efforts to ensure the International Union has oversight over all such accounts.	New Recommendation	<i>See</i> Monitor’s Tenth Status Report at 55-58.
23	The Monitor recommends that the IEB promptly approve the expenditures necessary to upgrade or enhance the UAW’s existing IT platforms to support the new accounting and IT policies, and provide a timeline by which the policies should be operationalized. Such upgrades should take into account the cost and practicality of the proposed solution.	Partially Implemented	<i>See</i> Monitor’s Initial Status Report at 120-122; <i>see</i> Monitor’s Tenth Status Report at 52-55, 64-66. In January 2022, the IEB approved a broad measure authorizing expenditures related to hiring additional personnel to complete the IT system upgrades needed to support the implementation of the outstanding accounting policies. The Union, led by the ITS Department, has finalized and approved the IT policies contemplated as of the Initial Status Report, along with a series of IT procedures (also referred to as “guidebooks”), which are intended to improve IT processes and controls while the Union’s IT upgrades are ongoing. Even with these improvements, several policies are still outstanding and not yet finalized, approved, or fully implemented: the CAP and PAC

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			<p>Policy, the Conference Policy, and the Procurement Policy.</p> <p>In November 2023, the Union’s ITS Department, along with an external consultant, presented an IT modernization proposal to the IEB, but the IEB voted down the proposal, and instead formed an IT Modernization Working Group. The IT Modernization Working Group brings together various stakeholders from across the Union’s Departments whose systems will be impacted by IT modernization and its stated purpose is to identify a pathway to updating and improving the Union’s IT systems.</p>
23.1	Within four months of this Report, the IT Modernization Working Group should present a detailed proposal for addressing the Union’s IT Modernization needs to the IEB.	New Recommendation	<i>See</i> Monitor’s Tenth Status Report at 64-66.
24	The Monitor recommends that the UAW work with the Monitor and Deloitte to clarify the role of Purchasing in reviewing and/or approving vendors under the Procurement Policy, taking into account staffing and resources.	Implemented	<p><i>See</i> Monitor’s Initial Status Report at 122-123; <i>see</i> Monitor’s Tenth Status Report at 61-63.</p> <p>The UAW has designated members of the Purchasing Department and Accounting Department to spearhead the effort of reviewing and approving vendors under the Procurement Policy.</p>
25	The Monitor recommends that the UAW work with the Monitor and Deloitte to develop a risk-based due diligence procedure to support the Procurement Policy and identify potential high risk vendors and “barred persons” under the	Implemented	<p><i>See</i> Monitor’s Initial Status Report at 123-124; <i>see</i> Monitor’s Tenth Status Report at 61-63.</p> <p>The UAW implemented a risk-based Vendor Due Diligence Process Documentation procedure in consultation with the Monitor. The UAW also utilizes</p>

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	Consent Decree, while mitigating the risk of financial misconduct in the procurement process.		a “barred persons” list which is maintained by the Legal Department and shared with the Purchasing Department.
26	The Monitor recommends that the Compliance Department perform periodic risk-based monitoring of vendor relationships, including sole source contracts.	Not Implemented	<p data-bbox="1182 345 1829 415"><i>See</i> Monitor’s Initial Status Report at 123-124; <i>see</i> Monitor’s Tenth Status Report at 37-40.</p> <p data-bbox="1182 456 1885 634">While the Compliance Department periodically weighs in on issues surrounding sole source contracts and has performed risk-based reviews of vendor relationships, the Compliance Department has not yet performed periodic risk-based monitoring of the same.</p>
27	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW develop and maintain a list of all prohibited or terminated third parties, vendors, and “barred persons” as required under the Consent Decree.	Implemented	<p data-bbox="1182 643 1829 712"><i>See</i> Monitor’s Initial Status Report at 123-124; <i>see</i> Monitor’s Tenth Status Report at 61-63.</p> <p data-bbox="1182 753 1860 854">The Union utilizes a “barred persons” list, which is maintained by the Legal Department and shared with the Purchasing Department.</p>
28	The Monitor recommends that the UAW work with the Monitor and Deloitte to develop a risk-based procedure to supplement the conflict of interest self-certification in the Procurement Policy.	Implemented	<p data-bbox="1182 898 1829 998"><i>See</i> Monitor’s Initial Status Report at 124-125; <i>see</i> Monitor’s Third Status Report at 23; <i>see</i> Monitor’s Tenth Status Report at 61-63.</p> <p data-bbox="1182 1039 1864 1149">On June 6, 2022, the UAW implemented a risk-based Vendor Due Diligence Process Documentation procedure in consultation with the Monitor.</p>
29	Joining and building on a recommendation made by Exiger, the Monitor recommends that, to avoid potential conflicts of interest and undue influence, the UAW should generally prohibit staff and employees who have approval authority from approving the activities of their supervisors, unless narrow	Implemented	<p data-bbox="1182 1157 1829 1227"><i>See</i> Monitor’s Initial Status Report at 125-128; <i>see</i> Monitor’s Tenth Status Report at 52, 62.</p> <p data-bbox="1182 1268 1875 1404">The UAW has adopted an Anti-Nepotism Policy—which prohibits individuals from having direct supervisory authority over their relatives and creates a mechanism for restructuring supervisory relationships</p>

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	<p>exceptions are necessary. Approvals under those exceptions should be reviewed by the Compliance Department. In addition, the UAW should centralize the list of “authorized signers,” and the Compliance Department should periodically review the list of authorized signers and monitor how UAW officials delegate their approval authority.</p>		<p>to avoid actual or potential conflicts of interest—that implements the first part of this recommendation.</p> <p>In conjunction with the reviews of other risk-based items, the Compliance Department periodically reviews the list of authorized signers, though no findings have been issued. The centralized list has now moved to the Union’s intranet site.</p>
30	<p>The Monitor recommends that IEB officials, senior staff, and department heads invite the Ethics Officer to speak to their teams about the Ethics Hotline to address concerns about the Hotline, as well as other measures to better promote and educate members about the hotline.</p>	Implemented	<p><i>See</i> Monitor’s Initial Status Report at 128-132; <i>see</i> Monitor’s Tenth Status Report at 79-84.</p> <p>The former Ethics Officer presented at the February 2022 Ethics Advisory Committee meeting. The Monitor’s team observed the former Ethics Officer present at the July 2022 Constitutional Convention, November 2022 IEB meeting, the All Staff training in November 2022, and February 2023 IEB meeting. Following three years of service, the former Ethics Officer resigned in May 2023. The UAW has selected a new Ethics Officer and is working through onboarding that individual.</p>
31	<p>Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW publicize the different avenues for members, officials, staff and employees to report misconduct at the International level, including reference to the Monitor’s own hotline. IEB officials should provide clear and consistent communications about avenues to report concerns, including outside the “chain of</p>	Implemented	<p><i>See</i> Monitor’s Initial Status Report at 134-136; <i>see</i> Monitor’s Tenth Status Report at 79-84.</p> <p>The President issued a memorandum to all International staff providing contact information for the Union’s General Counsel, the UAW Ethics Hotline, and the Monitor’s Hotline as avenues to report misconduct. The Union has also included the contact information for the Monitor’s Hotline in the Union’s live, virtual, and online trainings and on the Union’s</p>

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	command,” and directly to the Compliance Director and/or the Compliance and Ethics Committee, once they are in place.		intranet site, and invited the former Ethics Officer and Ethics Ombudsman to speak to the IEB and International employees about the Ethics Hotline and measures to better promote and educate members about the Ethics Hotline.
32	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW clearly state that it will strictly enforce non-retaliation against a good faith claimant, referring back to the newly created policy on non-retaliation.	Implemented	<p data-bbox="1182 456 1829 526"><i>See</i> Monitor’s Initial Status Report at 134-136; <i>see</i> Monitor’s Tenth Status Report at 79-84.</p> <p data-bbox="1182 565 1850 743">On August 30, 2022, the IEB approved the Code of Conduct, effective January 1, 2023. The Code of Conduct includes a statement that the UAW will not tolerate retaliation against members and employees who report misconduct.</p>
33	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW create and track information on compliance-related complaints made to the UAW and the ultimate resolution, and to require all departments and regions to track and log all complaints related to the UAW that were determined to be credible, and how they were disciplined.	Implemented	<p data-bbox="1182 748 1829 818"><i>See</i> Monitor’s Initial Status Report at 136-137; <i>see</i> Monitor’s Tenth Status Report at 79-84.</p> <p data-bbox="1182 857 1877 1219">The UAW has developed a spreadsheet to centrally track its investigations, audits, and Local Union administratorships. For each matter, this spreadsheet includes a summary of the key issues and allegations, investigative steps taken by the Union, its factual findings, and any remedial action taken. The spreadsheet also includes a link to the UAW’s internal document repository, which stores the documents collected, witness interview memoranda, investigative reports, and other relevant materials for each case.</p>
34	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW devote adequate resources to investigations, including resources in the Compliance Department who can conduct	Partially Implemented	<p data-bbox="1182 1224 1829 1294"><i>See</i> Monitor’s Initial Status Report at 136-137; <i>see</i> Monitor’s Tenth Status Report at 79-84.</p> <p data-bbox="1182 1333 1877 1403">In October 2023, after the Monitor expressed concern to the UAW about the pace at which certain UAW-led</p>

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	investigations in consultation with the Legal Department as needed.		investigations were progressing, the Union established a more formal investigative team, led by the Compliance Director and including staff from Legal, HR, Auditing, and the President's Office. The investigative team now meets regularly to discuss the status of open investigations and assignments. While the UAW has reported devoting all available resources to investigations, Union personnel have indicated that additional staff will be required in order to have a fully functioning investigative arm.
35	Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW train relevant personnel on how to handle intake of misconduct allegations.	Partially Implemented	<p data-bbox="1182 597 1833 667"><i>See</i> Monitor's Initial Status Report at 136-138; <i>see</i> Monitor's Tenth Status Report at 79-84.</p> <p data-bbox="1182 711 1896 889">In December 2022, the UAW provided basic training on conducting internal investigations to its HR and Legal Department personnel, and the UAW is currently exploring retaining a vendor to conduct more advanced training for its investigative team.</p>
36	The Monitor adopts Exiger's recommendation that the UAW issue a policy or communication via the Ethics section of the UAW website, discussing consequences for failure to comply with the UAW Ethical Practices Codes, other policy requirements, and the disciplinary process.	Implemented	<p data-bbox="1182 889 1833 959"><i>See</i> Monitor's Initial Status Report at 138-140; <i>see</i> Monitor's Tenth Status Report at 79-84.</p> <p data-bbox="1182 1003 1896 1291">The Union has implemented this recommendation through its roll-out of the Ethical Practices Code and related trainings. The Union maintains an Ethics section on the UAW website with information regarding the same. The Union requires all new International employees to complete a module on the Ethical Practices Code during their new hire orientation and also provided training during the IEB Onboarding.</p>

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37	<p>The Monitor adopts Exiger's recommendation that the UAW include an explicit non-retaliation statement within a Code of Conduct (or expanded Ethical Practices Code recommended by Exiger) that provides examples of retaliation and a statement on disciplinary action for retaliation. The non-retaliation and disciplinary message should be reiterated in applicable policies, such as the UAW's EEO Policy and the UAW No Harassment and Discrimination Policy, and provide that retaliation will be an offense for which penalties may include termination and expulsion.</p>	Implemented	<p><i>See</i> Monitor's Initial Status Report at 138-140; <i>see</i> Monitor's Tenth Status Report at 79-84.</p> <p>In August 2022, the IEB approved a Code of Conduct that includes a statement that the UAW will not tolerate retaliation against members and employees who report misconduct. The Code of Conduct and the Ethical Practices Code both emphasize the Union's stated commitment to a culture with the highest levels of integrity and ethical standards, and they provide Union employees with a variety of reporting options for any suspected violations. The UAW has broadly publicized these new codes on the Union's intranet site for Union employees. The non-retaliation message has also been reiterated in the UAW No Harassment and Discrimination Policy and the Anti-Bribery and Corruption Policy.</p>
38	<p>Joining and building on a recommendation made by Exiger, the Monitor recommends that the UAW create policies and procedures outlining the misconduct reporting and investigation process to include the following:</p> <p>(a) A requirement to inform the Compliance Department of any allegations of misconduct, even those that have been resolved at a department or regional level;</p>	Subpart (a): Implemented	<p><i>See</i> Monitor's Initial Status Report at 138-141; <i>see</i> Monitor's Tenth Status Report at 79-84.</p> <p>The Union has developed a new system to centralize and streamline the intake and investigation of the complaints it receives and is currently working to memorialize this framework in a document that will provide formal guidance for processing complaints moving forward.</p> <p>Subpart (a): The UAW receives reports of potential misconduct through several channels, including through the President's Office, Secretary-Treasurer's Office, HR, Legal, Compliance, Regional offices, UAW Ethics Hotline, and from the Monitor. All</p>

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			complaints received by UAW International are now directed to the “Complaint Processing Committee,” which reviews the allegations in the complaint and determines next steps.
	(b) Explain the entire investigatory process when misconduct is alleged, and likely time frame;	Subpart (b): Implemented	Subpart (b): After performing the initial review, the Complaint Processing Committee forwards HR- or personnel-related complaints to the “HR Complaint Review Committee” and all other complaints to the “Complaint Review Committee.” These committees determine who should investigate the complaint and make the assignment. The investigator then conducts an investigation and prepares a report with factual findings.
	(c) Tracking and review of whether individuals who lodged complaints were subsequently terminated or demoted as a retaliatory measure; and	Subpart (c): Implemented	Subpart (c): The UAW has developed a spreadsheet to centrally track its investigations, audits, and Local Union administratorships. For each matter, this spreadsheet includes a summary of the key issues and allegations, investigative steps taken by the Union, its factual findings, and any remedial action taken. The spreadsheet also includes a link to the UAW’s internal document repository, which stores the documents collected, witness interview memoranda, investigative reports, and other relevant materials for each case.
	(d) A statement that personnel chosen to conduct investigations must be qualified and impartial.	Subpart (d): Partially Implemented	Subpart (d): The UAW has reported that it will incorporate a statement regarding using qualified and impartial personnel to conduct investigations into the Complaint Processing Chart and other relevant policies, procedures, and trainings.
39	If one does not already exist, enact a policy	Partially	See Monitor’s Third Status Report at 30-32.

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	that prohibits IEB members or other potential or actual candidates for office from expending UAW funds on merchandise bearing the name of an individual IEB member or other potential or actual candidates for office.	Implemented; Partially Rejected	The UAW only partially accepted this recommendation. The IEB adopted a policy prohibiting the use of Union funds on merchandise bearing candidates' names during election years only. The Official Rules for the 2022 UAW International Officer Election and 2023 UAW International Officer Run-Off Election prohibited the use of Union funds "to purchase any merchandise that is distributed to members that is branded with the name or otherwise identifying information of a Candidate, Slate of Candidates, or Covered Party."
40	Require advance, written approval from the General Counsel, or from the Compliance Director (once the position is filled), for all UAW-funded conference expenditures in excess of \$20,000.	Implemented	<p data-bbox="1182 704 1793 781"><i>See</i> Monitor's Third Status Report at 28-30; <i>see</i> Monitor's Tenth Status Report at 58-61.</p> <p data-bbox="1182 813 1906 1149">In November 2022, the IEB approved the Policy on Conference and Event Planning, which became effective on January 1, 2023. This policy does not require the General Counsel or the Compliance Director to provide advance written approval for conference expenditures in excess of \$20,000. Pursuant to the vendor due diligence process, however, the Legal Department must review and sign off on purchases greater than \$50,000.</p>
40.1	By the end of 2024, the Union should fully implement the Conference Policy, including the development of further training for International staff, operationalization of the conference workflow management tool, and addressing all other areas of concern raised	New Recommendation	<i>See</i> Monitor's Tenth Status Report at 58-61.

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	in the Conference and Registration Income Audit Report.		
41	<p>Prior to presentation to the IEB or implementation (whichever is earlier), the Union should provide at least seven days' advance written notice to the Monitor of any proposed new policies or changes to existing policies, proposed new procedures or changes to existing procedures (including new or revised Administrative Letters), and proposed new programs relevant to the Monitor's mandate or recommendations. For changes to existing policies or procedures, the Union should provide the Monitor with a redline draft showing the changes. The Union should also provide an explanation of the reason for the proposed new or changed policies, procedures, or programs. This recommendation should be construed broadly so as to avoid any further miscommunications.</p>	New Recommendation	<i>See Monitor's Tenth Status Report at 25-27.</i>
42	<p>The Union should provide at least seven days' advance written notice to the Monitor of any proposal to make structural changes to the organization of the International Union that may impact the Monitor's mandate under the Consent Decree. This should include the precise language setting out the structural change, as well as an explanation of the reasons for the change.</p>	New Recommendation	<i>See Monitor's Tenth Status Report at 25-27.</i>

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	This recommendation should be construed broadly so as to avoid any further miscommunications.		
43	The Union should notify the Monitor in writing of any investigations it intends to conduct that are relevant to the Monitor's mandate, and refrain from conducting such investigations unless and until the Monitor agrees that the Union can move forward. For such approved investigations, the Union should provide the Monitor with regular updates and advance drafts of any written conclusions or proposed remedial actions. This recommendation should be construed broadly so as to avoid any further miscommunications.	New Recommendation	<i>See Monitor's Tenth Status Report at 25-27.</i>
44	The Union should provide at least seven days' advance written notice to the Monitor of any action items that the IEB will be asked to approve that are relevant to the Monitor's mandate under the Consent Decree, including the reason the action item will be presented to the IEB. This recommendation should be construed broadly so as to avoid any further miscommunications.	New Recommendation	<i>See Monitor's Tenth Status Report at 25-27.</i>
45	To accelerate the pace of cultural reform within the Union, the Monitor recommends that the Culture Committee develop and	New Recommendation	<i>See Monitor's Tenth Status Report at 12-21.</i>

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	recommend to the IEB specific plans to implement the recommendations in Internal Audit's Culture Assessment Report within 60 days of this Report.		
46	<p>The Monitor joins in and builds on Internal Audit's Culture Assessment Report Recommendation No. 2 to address the fear of retaliation within the Union and build a culture of trust, which should be a top priority of the Culture Committee. In recommending specific plans to implement Culture Assessment Report Recommendation No. 2 to the IEB, the Culture Committee should include in its plans the following actions:</p> <p>(a) The IEB should summarize the results of the Culture Assessment and communicate to all Union employees the Union's plan to address the fear of retaliation;</p> <p>(b) The Union should implement semi-annual "pulse" surveys of Union employees to assess progress in addressing concerns about retaliation;</p> <p>(c) The Union should conduct mandatory training of IEB members and Administrative Assistants on</p>	New Recommendation	<i>See Monitor's Tenth Status Report at 12-21.</i>

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	how to address sensitive workplace issues that can contribute to concerns of retaliation.		
47	To facilitate the timely completion of audit reports pursuant to the yearly audit plan, the Union and Internal Audit should confer and agree upon (1) a schedule for 2024 and subsequent years' audits that identifies the highest priority audits to complete for the year; and (2) specific dates by which the Union will provide to Internal Audit documentation and information for each high priority audit. The IEB should monitor the Union's ability to meet the deadlines agreed to with Internal Audit, and where necessary, provide additional resources to facilitate Internal Audit's work.	New Recommendation	<i>See Monitor's Tenth Status Report at 44-50.</i>
48	Within 30 days of this Report, the Union should formalize a plan to identify and onboard a new Chief Accountant and Assistant Chief Accountant to ensure a seamless transition of those roles and responsibilities by the end of July 2024. The plan should: (a) specify job qualifications that include the requirement of an accountancy degree or CPA and a minimum of ten years of relevant accounting experience; and	New Recommendation	<i>See Monitor's Tenth Status Report at 50-52.</i>

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	(b) require a competitive application process given the technical nature of the positions.		