

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 4, 2008

Mr. Steven Brenneman, Financial Secretary Treasurer
AutoWorkers AFL-CIO
Local 1872
3562 Gillespie Drive
York, PA 17404

LM File Number 505-423
Case Number: [REDACTED]

Dear Mr. Brenneman:

This office has recently completed an audit of AutoWorkers Local 1872 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on November 28, 2008, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of

the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of AutoWorkers Local 1872's 2007 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

AutoWorkers Local 1872 did not record the source and amounts of receipts received from fundraising activities. For example, union records detail that on March 30, 2007 the union received \$3,966.00 from a shrimp feed fundraising event. Union records do not contain any information about the source of the funds or the exact amount received from each source. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the funds.

2. General Reimbursed Expenses

AutoWorkers Local 1872 did not retain adequate documentation to verify the purpose of travel expense disbursements to Sergeant at Arms Paul Dietz. During the audit year Dietz received travel expenses for attending conferences, conventions, and seminars for the union's Community Action Program Council. These travel related disbursements total at least \$4,726.00. Union records did not contain backup documentation verifying the purpose of all of the disbursements. During the audit OLMS obtained flyers and registration forms verifying the dates and union related purpose of Dietz's travel.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that AutoWorkers Local 1872 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by AutoWorkers Local 1872 for fiscal year ending December 31, 2007, was deficient in the following area:

Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The LM-3 instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. AutoWorkers Local 1872 reported an incorrect starting cash figure in Item 25a of \$97,538.00. Union and bank records detail that as of January 1, 2007 the union's cash on hand and on deposit was \$96,715.00. It appears the union erroneously reported the union's cash on hand and on deposit amount from January 1, 2006.

AutoWorkers Local 1872 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than December 19, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to AutoWorkers Local 1872 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

Mr. Steven Brenneman
December 4, 2008
Page 4 of 4

cc: Blaine Cunningham, President