

**U.S. Department of Labor**

Office of Labor-Management Standards  
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March 22, 2013

Mr. Michael Kummerer, Treasurer  
Auto Workers Local 644  
1200 E. High Street  
Pottstown, PA

Case Number: 140-11128 [REDACTED]  
LM Number: 003-043

Dear Mr. Kummerer:

This office has recently completed an audit of Auto Workers Local 644 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and President James Whisler on March 18, 2013, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violation

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

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

The audit of Local 644's 2012 records revealed the following recordkeeping violation:

Disposition of Property

Local 644 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the

beginning and end of each year in /Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

Based on your assurance that Local 644 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 644 for the fiscal year ended December 31, 2012, was deficient in the following area:

##### Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 644 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

Local 644 has now filed a copy of its constitution and bylaws.

#### Other Issues

##### 1. Duplicate Receipts

Officers of Local 644 collect funds from the sale of jackets and T-shirts. Local 644's Bookkeeper Nancy Klein records payments in the union's receipts journal, but she does not issue receipts to those officers who provided Klein with money from the sale of union logo items. OLMS recommends that Local 644 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

##### 2. Use of Signature Stamp

During the audit, you and President Whisler advised that in an instance where either of you are unavailable to sign a check, it is Local 644's practice for Bookkeeper Nancy Klein to use a signature stamp to stamp the signature of you or President Whisler on union checks. You indicated that there is always as at least one original signature on every check, and that

if a stamp is used, that officer is notified immediately of its use. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 644 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Auto Workers Local 644 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Mr. James Whisler, President