



July 27, 2016

Mr. James Knickerbocker, Financial Secretary
United Autoworkers (UAW) Local 1193
15 Evergreen Mobile Pk.
Jefferson Township, PA 18436

Case Number: 140-6007463 [REDACTED]
LM Number: 045-229

Dear Mr. Knickerbocker:

This office has recently completed an audit of United Autoworkers (UAW) Local 1193 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 Kenneth Klinkel on July 21, 2016 the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping 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 1193's 2015 records revealed the following recordkeeping violation:

Failure to Record Receipts

Local 1193 did not record in its receipts records a deposit which was reflected on the August 2015 bank statement as "EFT Visa/Motorcity Hotel front desk, Detroit, MI" on August 17, 2015 in the amount of \$4.24. Union receipts records must include an adequate

identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 1193 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 1193 for the fiscal year ended December 31, 2015, was deficient in that in the following areas:

Disbursements to Officers

Local 1193 did not report the names of some officers in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union, specifically Guide [REDACTED] and Sergeant-at-Arms [REDACTED].

I am not requiring that Local 1193 file an amended LM report for 2015 to correct the deficient items, but Local 1193 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

The audit disclosed the following other violation(s):

1. Expense Policy

The audit revealed that during fiscal year 2015 Local 1193 did not always obtain membership approval of expenses according to its constitution and bylaws. For example, the 2015 membership meeting minutes did not reflect membership approval of travel expenses incurred by and/or lost time claims for: President Kenneth Klinkel, Office and Clerical Committee Chair James Clark, and Plant Shop Chair Joseph Laboranti related to council meetings; Clark, Technical and Engineering Committee Chair Donald Kane, Laboranti, and Skilled Trades Committee Chair David Pientack for a tentative agreement meeting; Klinkel for a CAP meeting and contract negotiation meeting; or Financial Secretary James Knickerbocker for a financial officers conference. As we discussed during the exit interview, approval for some of those expenditures likely took place in 2014. Also, the October 2015 membership meeting was suspended due to other pressing matters.

Of 49 expense claims, 12 were signed by only 1 officer and 1 was not signed by any officers. Out of 56 claims for lost wages, 13 were approved by only one officer. .

Although the checks for all claims were signed by two officers, OLMS recommends that Local 1193 review its procedures to improve internal control of union funds. Based on your assurance that Local 1193 will comply with this procedure in the future, OLMS will take no further enforcement action at this time regarding this issue.

2. Check Signatures

Your union's constitution and bylaws require that all checks be signed by the president (or the vice president in the president's absence) and financial secretary. 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. The audit disclosed that of the 234 checks issued from the general checking account and endorsed during fiscal year 2015, check [REDACTED] dated March 11, 2015 to [REDACTED] in the amount of \$86.28 and check [REDACTED] dated July 8, 2015 to the U.S. Department of Treasury in the amount of \$2,978.26 were only signed by one officer.

OLMS recommends that Local 1193 review these procedures to improve internal control of union funds. Based on your assurance that Local 1193 will comply with this procedure in the future, OLMS will take no further enforcement action at this time regarding this issue.

I want to extend my personal appreciation to UAW Local 1193 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]

Investigator

cc: Mr. Kenneth Klinkel, President
Mr. Jon McAndrew, Vice President