

**U.S. Department of Labor**  
Pittsburgh District Office

Employment Standards Administration  
Office of Labor-Management Standards  
1000 Liberty Avenue, Room 801  
Pittsburgh, PA 15222



Telephone: (412) 395-6925  
Facsimile: (412) 395-5409

May 16, 2005

Keith Silvaugh, Treasurer  
PACE, AFL-CIO, LU 1815

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Re: 2

Dear Mr. Silvaugh:

This office has recently completed an audit of the United Steelworkers of America, AFL-CIO, PACE, Local 2-1815 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 Scott Welsh on May 12, 2005, 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.

The CAP disclosed a violation of Title II, Section 201(b), of the LMRDA. The annual financial report required under Section 201(b) for fiscal year ending December 31, 2004 did not properly report certain financial transactions. The LM-4 report was deficient and must be amended as noted below:

- Item 14 Enter the total value of all your union's assets at the end of the reporting period. The union's end of the year balance as recorded in the PACE financial officer's ledger reconciled with the bank balance; however the figure reported on the LM-4 report was inaccurate. Review the union's ledger and amend item 14.
- Item 17 The figure reported on the LM-4 was inaccurate: In this item record the union's total disbursements made during the year, including net wages to officers, all withholdings, rent payments for meetings, dues refunded to members, and any other expenditure. Review the union's ledger and amend item 17.

Item 18 The figure reported on the LM-4 was inaccurate. Record in this item the total amount paid to the officers during the year. The amount should include gross wages before deductions, lost time pay, monthly reimbursement of officers' dues, and reimbursed expenses. Review the union's ledger and amend item 18.

You agreed to make the required changes and to file an Amended LM-4 report for fiscal year ending December 31, 2004 to the Pittsburgh District Office by May 31, 2005. Be sure to check Item 3 (a) AMENDED.

The CAP disclosed a violation of Title II, Section 206 of the LMRDA. Section 206 requires that records shall be maintained to provide in sufficient detail the necessary information from which the LM reports may be verified, explained, and checked for accuracy and completeness. As a general rule, all records used or received in the course of union business must be retained. The union failed to maintain a record of the distribution of the annual gift certificates given to each member at Thanksgiving. In future distributions of gift certificates maintain a roster and have each member sign his or her name when they receive their gift certificate. Also the union's checking account at 4 **only provides the** fronts of the canceled checks with the bank statements. The union is required to maintain both the front and the back of canceled checks. Contact the bank and inquire as to the process required to request the backs and fronts of canceled checks. In the area of union travel, each officer should complete a travel voucher documenting all union travel including lost time payments to officers; include on the travel voucher, the dates of lost time, purpose, destination, mode of travel and any reimbursement expenses paid by the local or international.

In the future, you agreed to obtain and maintain proper supporting documentation for all financial transactions.

At the exit interview, we discussed record keeping and union practices and I made several suggestions regarding the financial officer's ledger. I also suggested that the union contact the bank and have monthly statements issued ending at the end of the month instead of running from the 15<sup>th</sup> to the 15<sup>th</sup> of each month. This will allow you to more easily reconciliation the ledger at the end of the month.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call me.

Sincerely,

7cc,  
Investigator

cc: Scott Welsh, President