



October 29, 2010

Mr. Jeff Kinsel, President
Steelworkers AFL-CIO LU 1-112
1310 Central Avenue
Middletown, OH 45044

Case Number: |||
LM Number: 045973

Dear Mr. Kinsel:

This office has recently completed an audit of Steelworkers Local 1-112 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 Treasurer James Smith on October 12, 2010, 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 Local 1-112's 2008 records revealed the following recordkeeping violations:

1. General Expenses

Local 1-112 did not retain adequate documentation for union expenses totaling at least \$2,000. For example, utility bills for the union's office and gifts purchased for union retirees were lacking documentation to verify the date, amount, vendor, and purpose of the disbursements made by the union.

As 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.

2. Receipt Dates not Recorded

Entries in Local 1-112's general ledger reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Lack of Salary Authorization

Local 1-112 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 1-112 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 1-112 for the fiscal year ended December 31, 2008, was deficient in that:

1. Disbursements to Officers (LM-3)

Local 1-112 did not include some reimbursements to officers totaling at least \$3,700 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46 (To Employees).

Also, Local 1-112 did not report the names of some officers and the total amounts of payments to them or on their behalf 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.

The union must report most direct disbursements to Local 1-112 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. 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 1-112 amended its constitution and bylaws in 1979, but did not file a copy with OLMS.

Local 1-112 has now filed a copy of its constitution and bylaws.

3. Delinquent Filing

The audit disclosed a violation of LMRDA Section 201 which requires labor organizations to file financial reports annually with the Department of Labor. Local 1-112's Labor Organization Annual Report, Form LM-3, for the period ending December 31, 2009 was due March 31, 2010 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on April 14, 2010. Local 1-112's reports for 2005, 2006, and 2008 were also filed after their due dates.

Local 1-112 has agreed to file future reports on time with the Department of Labor.

Local 1-112 agreed to and has now filed an amended Form LM-3 for the fiscal year ending December 31, 2008 to correct the deficient items discussed above.

I want to extend my personal appreciation to Steelworkers Local 1-112 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,

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Investigator

cc: Mr. James Smith, Treasurer