

U.S. Department of Labor

Office of Labor-Management Standards
Cleveland District Office
1240 East 9th Street, Suite 831
Cleveland, OH 44199
(216) 357-5455 Fax: (216) 357-5425



May 13, 2011

Mrs. Barbara Taylor, Financial Secretary
United Steelworkers LU 1-1237
837 Steele Avenue
Newark, OH 43055-8651

Case Number: [REDACTED]
LM Number: 042-686

Dear Mrs. Taylor:

This office has recently completed an audit of United Steelworkers LU 1-1237 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 March 30, 2011, 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 1-1237 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1-1237 did not retain adequate documentation for reimbursed expenses incurred by the union totaling at least \$500.00. For example, the union made a contribution to Salvation Army in December 2009 for \$500.00. There was a voucher on file, however, no supporting documentation for this disbursement.

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.

2. Failure to Record Receipts

Local 1-1237 did not record in its receipts records some employer dues checkoff checks totaling at least \$1,038.00. For example, dues checkoff Check [REDACTED] dated October 23, 2009 for the amount of \$1,038.00 was not recorded in the union's cash book or deposited into the union's checking account. 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 1-1237 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized expenses at the first membership meeting of the year. Local 1-1237 maintained no minutes of that meeting and any other meetings during the fiscal year. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. The minutes also should include approval for specific union related disbursements.

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 1-1237 for fiscal year ending December 31, 2009, was deficient in that:

1. 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 1-1237 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 1-1237 has now filed a copy of its constitution and bylaws.

2. 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 instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

3. Failure to Record Receipts

In addition, the failure to record receipts results in a reporting violation which unions must report financial information accurately on the LM report.

4. Failure to File LM-3 Report for fiscal year ending December 31, 2009

Local 1-1237 did not file the Labor Organization Annual Report (Form LM-3) for fiscal year ending December 31, 2009 within 90 days from the end of the fiscal year, as required.

On December 3, 2010, our office received the delinquent report in question. As a result, no further action will be taken by OLMS on this matter.

Other Issues

Reconciliation of the Union's Bank Accounts

During the audit, you advised that you reconcile the union's bank accounts and financial books at the end of the fiscal year only. OLMS recommends that Local 1-1237 reconcile the union books and bank records, monthly to help ensure that all receipts and disbursements are accurately recorded and handled.

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I want to extend my personal appreciation to United Steelworkers LU 1-1237 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. Jeremy Woodward, President