

U.S. Department of Labor

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Office of Labor-Management Standards
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May 2, 2008

Mr. William Tanner, Treasurer
United Steelworkers AFL-CIO
Local 11-228
116 West Smith
Hesston, KS 67062

LM File Number 052-256
Case Number: [REDACTED]

Dear Mr. Tanner:

This office has recently completed an audit of Steelworkers Local 11-228 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 April 29, 2008, 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 11-228's 2007 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 11-228 did not retain adequate documentation for credit card expenses incurred by officers totaling at least \$659. For example, a charge for \$659 was incurred for an officer to attend union training. No voucher was maintained for this expenditure and the meal receipt did not identify the purpose of the meal or the attendees.

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. Lost Wages

Local 11-228 did not retain adequate documentation for lost wage reimbursement payments to union officers on at least 48 separate occasions. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 11-228 did not identify the union business conducted.

Based on your assurance that Local 11-228 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Personal Use of Credit Cards

The audit revealed that Local 11-228 permits officers and employees to use union credit cards to pay for personal expenses. Although officers and employees promptly repaid Local 11-228 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

2. Duplicate Receipts

OLMS recommends that Local 11-228 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.

I want to extend my personal appreciation to Steelworkers Local 11-228 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,



Investigator

cc: Brian Lansaw, President