

**U.S. Department of Labor**

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October 28, 2008

Mr. Roger Cunningham, President  
Steelworkers AFL-CIO Local 2002  
312 Central Avenue Southeast  
Suite 541  
Minneapolis, MN 55414-1097

LM File Number: 007-040  
Case Number: [REDACTED]

Dear Mr. Cunningham:

This office has recently completed an audit of Steelworkers Local 2002 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 Financial Secretary Greg Parker on October 1, 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 2002's 2007 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 2002 did not record in its receipts records some cash and checks received from members for the annual fishing trip totaling at least \$285. During the audit, Mr. Parker stated that the local collects \$5 from each member who signs up for the fishing trip. Most of the money is collected the day of the trip and no record is kept of who paid or the amount collected. Union receipts records must include an adequate identification of all money received. The records should show the date and amount received, and the source of the money.

2. General Expenses

Local 2002 did not retain adequate documentation for expenses incurred by union officers and employees totaling at least \$6,200. During the audit Parker noted that the local pays all hotel bills with a union check before the trip occurs. However, Local 2002 failed to retain adequate supporting documentation for most hotel expenses. For example, union officers failed to keep an invoice for a conference in Washington, DC where they incurred a hotel charge of \$2,061 at the Marriott Hotel. Additionally, a \$425 expense was incurred for a boat launch at the local's annual fishing trip, but no receipt was maintained for the expense.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records. Mr. Parker obtained most of the missing receipts during the audit.

3. Meal Expenses

Local 2002 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$167. Itemized receipts provided by restaurants to officers and employees must be maintained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

As you know, union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 2002 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 2002 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Acquire/ Dispose of Property

Item 13 LM-3 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) was answered, "Yes," and Local 2002 reported that it disposed of a check writer and adding machine during the year, but did not report watches totaling more than \$650 that were given away to retired union members. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees." (In addition, the cost, book value, and trade-in allowance for any assets that were traded in must be reported.)

2. Item 45 (Disbursements to Officers)

Local 2002 erroneously reported \$34,023 on Item 45 (Disbursements to Officers) instead of \$27,426 which is the amount disbursed to officers after deductions. The LM-3 instructions state to enter the total from Line 11 (Net Disbursements) of Item 24 (All Officers and Disbursements to Officers).

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I am not requiring that Local 2002 file an amended LM report for 2007 to correct the deficient items, but Local 2002 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

As I discussed during the exit interview with you and Mr. Parker, the audit revealed that Local 2002 paid lost time at the overtime rate on various occasions. Mr. Parker advised that officers are entitled to claim lost time at the overtime rate if they were required to work on union business and otherwise would have worked overtime at their employer. However, Local 2002 does not have a clear policy regarding claims for lost wages paid at an overtime rate. OLMS recommends that unions adopt written guidelines concerning such matters. During the exit interview you informed me that a standing motion was made at the last membership meeting on September 18, 2008 and documented in the meeting minutes regarding lost time claims paid at an overtime rate.

The motion clarifies that union officers and employees can claim lost time at the overtime rate if they were required to work on union business and otherwise would have worked overtime at their employer.

I want to extend my personal appreciation to Steelworkers Local 2002 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: Greg Parker, Financial Secretary