

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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February 5, 2010

Mr. Edward Hoffman, Financial Secretary
Steelworkers AFL-CIO
Local 2229
42 West 5th Street
Oil City, PA 16301

LM File Number 011-563
Case Number: [REDACTED]

Dear Mr. Hoffman:

This office has recently completed an audit of Steelworkers Local 2229 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 Treasurer Scott Beach on February 4, 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 2229's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2229 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,425. For example, President Swanson and Recording Secretary Evans are reimbursed monthly for their phone bills; however, they failed to provide their original bills to the union for reimbursement.

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. Meal Expenses

Local 2229 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$21.31. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Local 2229 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, President Swanson had \$21.31 in meal expenses that did not list the union business purpose or the attendees present at the meal. 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.

3. Disbursement Dates not Recorded Properly

Entries in Local 2229's disbursements journal reflect the date the union recorded the disbursements on their books, but not the date money was disbursed. Union disbursement records must show the date of disbursement. The date of disbursement 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 accurately record the date money was disbursed could result in the union reporting some disbursements for a different year than when it actually disbursed them.

4. Lack of Salary Authorization

Local 2229 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was 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 2229 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Steelworkers Local 2229 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: Ronald Swanson, President
Scott Beach, Treasurer

Mr. Edward Hoffman
February 5, 2010
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