



September 22, 2011

Ms. Mary Kaye Nickel, Financial Secretary
Steelworkers Local 4-898
25 South Old Baltimore Pike
Newark, DE 19702-1540

Case Number: [REDACTED]
LM Number: 070213

Dear Ms. Nickel:

This office has recently completed an audit of Steelworkers Local 4-898 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 September 19, 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 Violation

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 disbursements, the goods or services received, and the identity of the recipients(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 4-898's records revealed the following recordkeeping violation:

Meal Expenses

Local 4-898's records of meal expenses did not always include written explanations of union business conducted or the names or titles of the persons incurring the restaurant charges. For example there were fifteen purchases made at Amore Pizza wherein the receipt did not indicate the purpose for the purchase. In addition, while the names and titles of persons incurring charges for purchases made at Famous Dave's on January 6, 2010 for \$66.90, Longhorn Steaks on January 25, 2010 for \$170.98, Bob Evans on February 1, 2010 for \$35.13 and TGI Fridays for \$45.34 on April 9, 2010 were recorded on the receipts, the union purpose for these purchases was not noted.

Based on your assurance that Local 4-898 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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 4-898 for the fiscal year ended December 31, 2010, was deficient in the following area:

Disbursements to Officers

Local 4-898 did include reimbursements to officers totaling at least \$14,882.80 in Item 24 (All Officers and Disbursements to Officers). The union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local 4-898 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 report 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).

I am not requiring that Local 4-898 file an amended LM report for 2010 to correct the deficient items, but Local 4-898 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Signing Blank Checks

During the audit, you advised me that President Kenneth Gomeringer signs blank checks. Your union's bylaws require that all checks have two signatures, the president or vice president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 4-898 review these procedures to improve internal control of union funds. Local 4-898 agreed to revise its check signing procedures to eliminate signing blank checks.

I want to extend my personal appreciation to Steelworkers Local 4-898 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: Mr. Kenneth Gomeringer, President