

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 29, 2006

Mr. William Price, President
Steelworkers AFL-CIO
Local 8-294
133 Sawyer Town Road
Moyock, NC 27958

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Price:

This office has recently completed an audit of Steelworkers Local 8-294 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 George Gregory and Patricia Griffin on June 21, 2006, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 8-294's 2005 records revealed the following recordkeeping violations:

Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record.

With respect to documentation retained in support of specific disbursements, the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information.

More specifically, Local 8-294's support documentation was inadequate for reimbursed officer expenses related to lodging for the Regional IV Council meeting, lodging and air travel related to the Merger Convention, and wages paid for officers attending the Merger Convention. Officers must note the date and purpose for all wage claims on records submitted for such expenses. Records that identify the date, number of hours, rate of pay, and business purpose (reason) for all wages must be retained.

Canceled Checks

Union officers failed to retain copies of canceled checks provided by the bank with the union's bank statements for four out of the twelve months in the audit period.

Receipts

Union officers failed to record in its records adequate identification of each receipt of money. Local 8-294 conducted a fundraiser in the audit year which increased the union's treasury by \$970.00. The proceeds from the fundraiser were deposited as cash items throughout the year, however, there was no evidence of a duplicate receipt system in place to verify the amount of each cash payment received by the union. The records should show the exact date that money was received, the identity of the source of the money, and the individual amount received from each source.

As agreed, provided that Local 8-294 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. Such reports must be filed within 90 days after the end of your organization's fiscal year. The annual report (Form LM-4) filed by Local 8-294 for fiscal year ending December 31, 2005 was not filed in a timely manner. The report was filed on May 2, 2006. As agreed, provided that the principal union officers file the LM-4 report within 90 days after the end of the fiscal year in the future, no additional enforcement action will be taken in this regard.

The CAP 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 constitution and bylaw changes are made. The current copy of the constitution and bylaws had not been filed prior to the CAP audit. A copy has now been filed. As agreed, provided that all future revised versions are filed on a timely basis, no further enforcement action will be taken.


Other Issues

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It is recommended that Local 8-294 require that the financial officers give a full report of the union's finances at each membership or executive board meeting and that prior authorization be obtained for large or unusual transactions.

I want to extend my personal appreciation to Steelworkers Local 8-294 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: George Gregory, Vice President
Patricia Griffin, Financial Secretary
Lonnie Jordan, Recording Secretary