



September 14, 2011

Mr. Robert Ashorn, Financial Secretary
Steelworkers Local 98
[REDACTED]
Maineville, Ohio 45039-8400

Case Number: [REDACTED]
LM Number: 049-713

Dear Mr. Ashorn:

This office has recently completed an audit of Steelworkers Local 98 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 August 23, 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 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 98's 2010 records revealed the following recordkeeping violation:

1. Lack of Salary Authorization

Local 98 did not maintain a record to verify that the salary amounts reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were authorized by the membership. In general, the meeting minutes reflected that the membership had approved salaries for the officers. However, the minutes, or another union record, must detail the

specific salary amounts authorized by the membership. You agreed to update the union's records in this regard.

Based on your assurance that Local 98 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 98 for fiscal year ending December 31, 2010 was deficient in the following areas:

1. Disbursements to Officers (Form LM-3)

Local 98 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

Additionally, Local 98 did not fully report all disbursements to the officers that it did include on the 2010 Form LM-3 report. Specifically, the local reported salary and lost time amounts paid these officers, but not other reimbursements such as per diem, mileage, etc. It appears these other reimbursements were reported in Item 48 (Office and Administrative Expenses).

In total, there was at least \$5,132 in disbursements that should have been reported in Item 24, which were erroneously reported elsewhere in the 2010 LM-3 report.

The union must report most direct disbursements to Local 98 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 reported 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).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to Local 98's books after reconciliation to the bank statements. The instructions for Item 25

state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 98 has filed an amended Form LM-3 for fiscal year ending December 31, 2010, to correct the deficient items discussed above. Therefore, no further action is necessary.

Other Issue

As we discussed during the exit interview, the local's vouchers would have been more comprehensive records if they had contained more detail. For example, some check disbursements to officers included both lost time and salary. However, this was not readily apparent from the vouchers. Therefore, examination of other records was necessary for clarification. You agreed to include more detailed vouchers in the future.

I want to extend my personal appreciation to Steelworkers Local 98 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: Thomas Rolfes, President