

**U.S. Department of Labor**

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January 4, 2010

Mr. Prabodh Patel, Financial Secretary  
Steelworkers AFL-CIO  
Local 730  
1713 Falling Leaf Ln.  
Galloway, OH 43119

LM File Number 060-622  
Case Number: [REDACTED]

Dear Mr. Patel:

This office has recently completed an audit of Steelworkers Local 730 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, Cathy Wallace, and Regina Thompson on November 17, 2009, 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 730's 2008 records revealed the following recordkeeping violations:

1. Disposition of Property

Household items that were purchased by the union for the purpose of being given away to members at the union's annual Christmas party was not properly accounted for. The purchase of these gifts was recorded, but a record was not kept on the final disposition of this merchandise. It was not possible from the union's record to determine how many items were given away and who received them.

2. Receipts

The audit revealed that a single \$1,300 expenditure to the temple did not have supporting documentation in the union record. Additionally, some receipts for meals did not list the purpose and the names of the recipients of the meals. Maintaining supporting documentation for expenditures is essential to the proper accounting of union funds.

Based on your assurance that Local 730 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 730 for fiscal year ending December 31, 2008 was deficient in that:

## 1. Accuracy of Receipts and Disbursements

The union's \$16,246 certificate of deposit was not included as a cash asset in the 2008 LM-3 report. Receipts were overstated by approximately \$3,700 and disbursements were understated by approximately \$3,000. These errors combined resulted in a cash reconciliation error of \$16, 247 in the report.

## 2. 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?) should have been answered, "Yes," because the union gave away calendars, gift cards at meetings and household items at the union's Christmas party totaling over \$2000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

Local 730 must file an amended Form LM-3 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than January 15, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Issues

#### Financial Safeguards

As I discussed during the exit interview, the audit revealed that there is single person control over the union's certificate of deposit and debit card. OLMS recommends that Local 730 establish procedures for these accounts that will strengthen its financial safeguards. Also, Local 730 does not have an established procedure on accounting for cash received and disbursed as the result of membership meeting raffles. OLMS

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recommends that these funds be tracked in the union record, as they are received, deposited, and disbursed, in order to improve the internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 730 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: Cathy Wallace, President