

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 30, 2005

Rudolph Hopkins, President
Steelworkers, AFL-CIO, Local 2154
5744 S. Western Avenue
Chicago, IL 60636

Re: 2

Dear Mr. Hopkins:

This office has recently completed an audit of Steelworkers Local 2154 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, as Amended (LMRDA). As discussed during the exit interview with you and Donald Kincanon on August 5, 2005, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, 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 recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 2154's 2003 records:

- 1) Paper receipts were not issued to any of the groups who rented out Local 2154's union hall. A duplicate receipting system should be used when receiving payment for union hall rentals. One receipt should be given to the rentor and a copy should be retained by the local.
- 2) Paper receipts were not issued to any of the Crown Cork and Seal employees who paid voluntary union dues while on strike. All dues payments made directly to the local should be supported with a paper receipt. One receipt is given to the dues paying member and a copy is retained by the local.
- 3) No supporting documentation was maintained for the refund of an insurance premium from ComCo Financial Service. The amount of the refund was \$3,418.
- 4) No supporting documentation was maintained for the receipt of scholarships from Steelworkers District 7. In the future, all documentation that is sent with the scholarship check needs to be retained. Local 2154 should retain all supporting documentation that specifies who the scholarship is for and why the scholarship was issued.

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5) Cancelled check # , was not retained. Check # and check # were voided by the local, yet neither of them were retained.

6) Various travel expenses and non-travel expenses did not have supporting documentation. All travel expenses need to be authorized, and that authorization must be clearly documented in meeting minutes. The meeting minutes must clearly document the following: names of travelers, travel destination, duration of travel and purpose of travel. Invoices and paper receipts for travel expenses must be retained for hotels, airfare, gasoline, car rental, food purchases and taxi/shuttle bus service. All invitations and notices that are sent to the local in regards to conventions, conferences, seminars and training sessions must be retained. All travel and non-travel expenses of the union need to have supporting documentation.

7) Three dues checkoff reports that were sent to the local by the Steelworkers International were not maintained for the following employers: #

8) Meeting minutes need to be clearly written or typed. Undecipherable minutes are not acceptable. Meeting minutes should clearly list all major disbursements and contributions along with any resolution that is passed.

9) Union records were not maintained in regards to bank account activity for the money market account and the certificate of deposit. Separate records of bank account activity must be maintained by both the bank and the labor organization.

As agreed, provided that Local 2154 maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violation

The CAP disclosed a violation of LMRDA section 201(b) in that the value of the union hall was reported as being owned by Local 2154 on Schedule 5 (fixed assets) of the Labor Organization Report (Form LM-2) even though the international is the true owner of the building.

As agreed, provided that Local 2154 no longer reports the value of their union hall on Schedule 5 of the Form LM-2, no additional enforcement action will be taken.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC1

Investigator

cc: Donald Kincanon, Local 2154 Financial Secretary