



December 20, 2012

Mr. Gary Bishop, President
United Steelworkers Local 853-S

Case Number: [REDACTED]
LM Number: 008816

Dear Mr. Bishop:

This office has recently completed an audit of United Steelworkers Local 853-S 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 Recording Secretary Tex Williams on November 19, 2012, 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 853-S's 2011 records revealed the following recordkeeping violations:

1. General and Reimbursed Expenses

Local 853-S did not retain adequate documentation for general and reimbursed expenses incurred by the union or its officers/employees.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Fixed Asset Inventory

Local 853-S did not maintain an inventory of its fixed assets. The union must report the value of any union property on hand at the beginning and end of each year in Item 29 (Fixed Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 29.

Based on your assurance that Local 853-S 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-2 / LM-3) filed by Local 853-S for the fiscal year ended Month 31, 2011, was deficient in the following areas:

1. Disbursements to Officers

Local 853-S did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 853-S 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 figures reported in Statement B (Receipts and Disbursements) of the LM-3 are not accurate, causing the total of item 25A (Beginning Cash) plus item 44 (Total

Receipts) minus item 55 Total Disbursements) not to reconcile with item 25B (Ending Cash). The purpose of the Statement B is to accurately report the flow of cash in and out of the union during the reporting period. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for ensuring the report is completed accurately.

During the audit, Local 853-S filed an amended Form LM-3 for the fiscal year ended December 31, 2011. In addition, Local 853-S has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to United Steelworkers Local 853-S 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. Robert Hayes, Treasurer
Mr. Wayne Thurman, Financial Secretary