



June 20, 2013

Mr. James Watt, International Staff Representative  
Steelworkers, AFL-CIO  
1945 Lincoln Highway  
North Versailles, PA 15137-2705

Case Number: 150-10389( )  
LM Number: 028644

Dear Mr. Watt:

This office has recently completed an audit of Steelworkers, AFL-CIO, Local Union 10-544 under the Compliance Audit Program (CAP) to determine this 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 June 18, 2013, 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 Union 10-544's 2011 and 2012 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local Union 10-544 did not retain adequate documentation for reimbursed expenses for payments to officers. These reimbursements however, were minor and were for the reimbursement of stamps and parking.

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

2. Failure to Maintain Receipt Records and Other Financial Records

Local Union 10-544 did not maintain a deposit slip showing the deposit of a refund check from the USW that was deposited in April 2012. In addition, the audit revealed the union was missing several months' worth of bank statements for the 2-year period for which they were audited. It also appears the union failed to keep track of dues payments received as it was reported during the audit that the union does not reconcile their checking account balance.

The union must maintain all financial records that it receives and must show receipt of all money received. In addition, union records must reflect the date the union deposits money as well as the date of the receipt of the money. Failure to properly record money received could impact what is reported in Statement B (Receipts and Disbursements) of the LM-3 report or Item 16 (Total Receipts) of the LM-4 report.

3. Lost Wages

Local Union 10-544 did not retain adequate documentation for lost wage reimbursement payments to union officers. For example, in October 2011, four checks, totaling \$475.57 were written to union officers, with the explanation of "lost time" only. The union must maintain records in support of lost time wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local Union 10-544 for the most part did maintain lost wage records that met OLMS requirements.

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-4) filed by Local Union 10-544 for the fiscal year ended December 31, 2011 was deficient in the following areas:

1. Failure to Identify the Number of Members (Item 13): The union did not provide a numeric value for Item 13.

2. Failure to Itemize Total Liabilities (Item 15): The union did not provide a numeric value for Item 15.
3. Failure to Itemize Total Receipts (Item 16): The union did not provide a numeric value for Item 16.
4. Failure to Secure Two Signatures (Item 20): The union only obtained the signature of one officer for the LM report.

We are not requiring that an amended report be filed since you agreed that future reports would contain the appropriate information.

Failure to File

The union has not yet filed the LM report for the fiscal year ending December 31, 2012. The union is now delinquent. During the exit interview, you reported Local Union 10-544 merged with Local Union 36 and Local Union 8183 in May 2013. You reported the United Steelworkers auditors would file the delinquent LM report for the fiscal year ending 12/31/2012 within 30 days.

You also reported the United Steelworkers auditors would file the LM-3 Terminal Report as required by the LM instructions. You agreed that this report will be filed within 30 days after the date of termination.

I want to extend my personal appreciation to the Steelworkers, AFL-CIO and Local Union 10-544 officers 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,

[REDACTED]

Investigator

cc: [REDACTED] former president  
Local Union 10-544