

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Philadelphia District Office  
170 S. Independence Mall West  
Room 760  
Philadelphia, PA 19106  
(215)861-4818 Fax: (215)861-4819



June 18, 2007

Mr. Michael Russo, President  
Steelworkers AFL-CIO  
Local 10-4889-S  
920 Trenton Road  
Fairless Hills, PA 19030

LM File Number 010-881

Case Number: [REDACTED]

Dear Mr. Russo:

This office has recently completed an audit of 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 and Treasurer Kathie Bara on June 14, 2007, 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 4889's 2006 records revealed the following recordkeeping violations:

#### 1. Meal Expenses

Local 4889 did not consistently require officers to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to the officers. These itemized receipts are necessary to determine if such disbursements are for union purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 4889 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, William Kelley received check [REDACTED] in the amount of \$53.97 for reimbursement of a meal. However, records retained for the expense does not identify the union business conducted that required the expense to be incurred. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers incurred meal expense.

#### 2. Lost Wages

Local 4889 did not retain adequate documentation for lost wage reimbursement payments to union officers on at least ten occasions. The union must maintain records in support of lost 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 in the case of Local 4889, officers typically did not identify on the lost wage vouchers the union business conducted.

#### Reporting Violation

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

Letter/Mr. Michael Russo  
June 18, 2007  
Page 3 of 3

Local 4889 for fiscal year ending December 31, 2006, was deficient in the following areas:

#### Failure to File Bylaws


The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. The latest constitution and bylaws on file with OLMS was from 1999. The local has since amended its bylaws and a copy was not filed with its LM report for that year. A copy of Local 4889's most updated constitution and bylaws has now been filed.

#### Other Issues

During the audit, you disclosed that a signature stamp is used on checks by two of the three authorized signatories. You advised that the Treasurer, Financial Secretary, and President are the three required signatories. The three signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for a signer does not attest to the authenticity of the completed check, and negates the purpose of the three signature requirement. OLMS recommends that Local 4889 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to 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,

  
Senior Investigator

cc: Kathie Bara, Treasurer