



April 11, 2011

Mr. Chris Morrow, President  
Steelworkers AFL-CIO Local 12030  
1901 10<sup>th</sup> Avenue South  
Birmingham, AL 35205

Case Number: [REDACTED]  
LM Number: 016994

Dear Mr. Morrow:

This office has recently completed an audit of Steelworkers AFL-CIO Local 12030 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, Vice President Mike Sparks, and Financial Secretary Josh League on April 7, 2011, 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 12030's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 12030 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$2,845.80. For example, a hotel stay in Point Clear, AL, for a union meeting between 06-06-10 to 06-10-10, for President Chris Morrow did not have an expense voucher, hotel invoice, or mileage log. Additionally, a trip to Pittsburgh, PA between 05-09-10 to 05-14-10 by Treasurer Josh League did not have an expense voucher or an adequate explanation of the nature of the union business conducted.

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. Information not Recorded in Meeting Minutes

During the audit President Chris Morrow advised OLMS that the membership authorized a gift of \$250.00 in December 2010 to the Steelworkers District 9 Strike Fund in Birmingham, AL. Article 6 of the by laws require all expenses to be approved by the membership; however the minutes of the meetings do not contain any reference to this issue. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Disposition of Property

Local 12030 did not maintain an inventory of watches it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 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 30.

The union must record in at least one record the date and recipient of each retirement watch given away.

4. Meal Expenses

Local 12030 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,379.01. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 12030 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, a meal at Full Moon BBQ in the amount of \$258.50 on 5-20-2010 and a meal at Olive Garden Restaurant in the amount of \$294.09 on 7-14-10 did not have the names of attendees or the nature of union business discussed. 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 or employees incurred meal expenses.

5. Lost Wages

Local 12030 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$3,477.89. 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 Local 12030 maintained lost time vouchers; however, eight of the vouchers did not identify the reason for lost time, nature of union business conducted, or a claimant signature.

During the exit interview, I provided a sample of an expense voucher Local 12030 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

6. General Disbursements

Local 12030 did not retain adequate documentation for disbursements totaling at least \$165.00. For example, a debit card transaction, dated 7-19-10, in the amount of \$165.00, payable to PC Rescue did not have an invoice or receipt.

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.

7. Voided Checks

Local 12030 did not retain seven voided checks drawn on the Regions Bank Operating Fund Checking account totaling \$218.41. Voided checks are required to be maintained to provide in sufficient detail the necessary information to explain or clarify the information provided in the union records.

Based on your assurance that Local 12030 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

The audit disclosed violations 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 12030 for fiscal year ending December 31, 2009 (latest year on file), was deficient in the following area:

Failure to File By Laws

The audit 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 it makes changes to its constitution or bylaws. Local 12030 amended its By Laws in 2003 but did not file a copy with its LM report for that year or any year since. Local 12030 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 12030 file an amended LM report for 2009 to correct the deficient item, but Local 12030 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers AFL-CIO Local 12030 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. Josh League, Financial Secretary