

U.S. Department of Labor

Office of Labor-Management Standards
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August 20, 2010

Mr. David Silbaugh, President
Steelworkers AFL-CIO
Local Union 1408
1000 Jacks Run Road, Suite B
North Versailles, PA 15137-2744

Case Number: [REDACTED]
LM Number: 010827

Dear Mr. Silbaugh:

This office has recently completed an audit of Steelworkers AFL-CIO 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 Secretary Kim Provins on August 19, 2010, 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 1408's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local Union 1408 did not retain adequate documentation for reimbursed expenses incurred by Financial Secretary Keli Vereb and Recording Secretary Todd Bushman totaling at least \$313.60. For example, Financial Secretary Vereb and Recording Secretary Bushman received reimbursement for parking expenses incurred while on union business but failed to provide the parking receipts to the union when receiving reimbursement.

As previously 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. Lost Wages

Local Union 1408 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$560.00. For example, former President [REDACTED] received \$560.00 for committee time performed on May 16, 2009 through May 31, 2009. The voucher completed by President [REDACTED] failed to identify the nature of committee work performed.

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 although Local Union 1408 did retain vouchers for lost wage payments the union but did not always identify on the lost wage vouchers the union business conducted.

3. Lack of Salary Authorization

Local Union 1408 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. For example, the local union bylaws set the financial secretary salary at \$300.00 per month. The financial secretary receives \$400.00 per month. As agreed, the local union will revisit the officer salaries at the next membership meeting and will document the established salary for the financial secretary. As discussed, the union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local Union 1408 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 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 and bylaws. Local Union 1408 was deficient in the following area:

Failure to File Bylaws

Local Union 1408 amended its constitution and bylaws in 1996 but did not file copy with its LM report for that year. During the compliance audit, Local Union 1408 provided OLMS with a copy of its bylaws.

I want to extend my personal appreciation to Local Union 1408 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: Ms. Keli Vereb, Financial Secretary
Ms. Maxine Valenzesi, Auditor