

U.S. Department of Labor

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Office of Labor-Management Standards
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March 18, 2008

Mr. Robert Ankeny, Treasurer
Steelworkers AFL-CIO
Local 1537
8 Avenue D
Latrobe, PA 15650

LM File Number 030-168
Case Number: [REDACTED]

Dear Mr. Ankeny:

This office has recently completed an audit of Steelworkers Local 1537 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 Financial Secretary Paige Dix on March 17, 2008, 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 1537's 2007 records revealed the following recordkeeping violations:

1. General Expenses

Local 1537 did not retain adequate documentation for direct expense payments made to vendors totaling at least \$7,023.35. For example, check number [REDACTED], payable to [REDACTED] in the amount of \$1,500, did not have any supporting documentation. The voucher accompanying this check stated it was for a golf outing, but did not have an invoice or any other document supporting this payment. Also, check number [REDACTED] payable to Homes for the Troops in the amount of \$1,120, did not have any supporting documentation. This check was a donation to Homes for the Troops, but the voucher did not have any documentation from the charitable organization acknowledging receipt of this check.

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. Meal Expenses

Local 1537 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$450. 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 1537 records of meal expenses did not always include the names and titles of the persons incurring the restaurant charges. For example, lunches purchased for the negotiation committee totaling \$397.83 did not have the names and titles of the persons incurring these charges, nor an itemized receipt for this purchase. 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.

3. Failure to Record Receipts

Local 1537 did not record in its receipts records interest received from banks for interest earned on certificates of deposit totaling at least \$2,868.65. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Receipt Dates not Recorded

Entries in Local 1537's savings account ledger reflect the date the union deposited money from the proceeds of 50/50, social ticket, and t-shirt sales, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 1537 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Failure to File Bylaws

Mr. Robert Ankeny
March 18, 2008
Page 4 of 4

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 1537 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year. Local 1537 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Steelworkers Local 1537 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,

Kevin Smallwood
Investigator

cc: Paige Dix, Financial Secretary