



Mr. James Brown, President
United Steelworkers Local Union 268
309 E 113th Street
Chicago, IL 60628

Case Number: 310-6006369
LM Number: 030845

Dear Mr. Brown:

This office has recently completed an audit of United Steelworkers Local Union 268 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 Vice President Lance Thompson and Financial Secretary Victor Jimenez, on June 7, 2016, 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 268's 2014 records revealed the following recordkeeping violations:

1. Lost Wages

Local 268 did not retain adequate documentation for lost wage reimbursement payments to President James Brown totaling at least \$1,825.68. 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 the Local 268 lost time vouchers often lacked an adequate explanation of the union purpose requiring lost time and the officer's applicable rate of pay.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 268 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.

2. Disposition of Property

Local 268 did not maintain an inventory of union property acquired via direct purchase or donation. The audit disclosed that the union's most current inventory list dated June 17, 2005, has not been updated to include assets purchased by or donated to Local 268 since that time. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) 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.

Based on your assurance that Local 268 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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-3) filed by Local 268 for the fiscal year ended December 31, 2014, was deficient in the following areas:

Item 24

Columns D and E of Item 24 (Officers and Disbursements to Officers) were not completed with either the appropriate number or a zero for every line with an entry in column A on the 2014 LM-3 report.

Items 25A & B through 31A & B

Items 25(A) through 31(A) (asset items-start of reporting period) on your organization's 2014 LM-3 Report did not match Items 25(B) through 31(B) (asset items-end of reporting

period) on your union's prior year 2013 LM-3 report. The entries must be the same or an adequate explanation must be provided in Item 56 (Additional Information).

Item 37C through 37D

Item 37(C) (net assets-start of reporting period) on your organization's 2014 LM-3 report must be the same as the entry in Item 37(D) (net assets-end of reporting period) on your union's prior year 2013 LM-3 report or an adequate explanation must be provided in Item 56 (Additional Information).

Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) of the 2014 LM-3 report are not the figures according to Local 268's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. It appears that errors in the cash figures on the 2014 report were carried through to your organization's 2015 LM-3 report.

I am not requiring that Local 268 file amended LM reports for 2014 or 2015 to correct deficient items, but Local 268 has agreed to properly report the deficient items on all future report it files with OLMS.

I want to extend my personal appreciation to United Steelworkers Local Union 268 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