

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 14, 2006

Mr. Lawrence Richards
President
Steelworkers, Local 420 A
24 Woodlawn Avenue
Massena, NY 13362

Re: Case Number: _____

Dear Mr. Richards :

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 Cynthia Maynard on August 10, 2006, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

Local 420 maintained exceptional records for the audit period; however the compliance audit revealed the following minor recordkeeping violations. Adequate documentation was not retained for some purchases made with the union's credit card and also a couple of voucher entries were completed incorrectly including:

- Airfare receipts were missing from voucher [REDACTED] payable to Visa Credit card, although travel was confirmed in the meeting minutes. Also, there was no receipt for \$22.52 charged at The Village Engraver.
- On voucher [REDACTED], an incorrect amount was written payable to Sullivan's Office Supply. The voucher listed \$1,200.00 however the check was written for \$1,287.00. The invoice from Sullivan's Office Supply reflected the latter amount.
- One receipt was missing for Upstate Tele-Comm for \$64.18 charged to the union's credit card and paid with check number [REDACTED].
- There were a few other miscellaneous receipts missing from the records, including one for a florist shop, however the meeting minutes confirmed the sympathy.
- Check [REDACTED] payable to Charles Dumas was for \$91.56, however the check should only have been for \$78.76. The \$91.56 was the gross amount listed on the voucher.

As agreed, provided that Local 420 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

The CAP also 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 420 for fiscal year ending December 31, 2005, was deficient in the following areas:

- Item 22, date of the next regular election was incorrect. It should have been 04/2006, however was marked 04/2005.
- The [REDACTED] of the local should be listed in Item 28, Investments, rather than in Item 25, Cash. All deposits to these funds should be considered a purchase of Investments and listed in Item 52 on the report. Additional information, if necessary, can be listed in Item 56.

I am not requiring that Local 420 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 420 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to you and Cynthia 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,

[REDACTED]
Investigator