



January 24, 2013

Mr. Shawn Sowers, Financial Secretary
Steelworkers Local 5025
1683 Collar Price Road
Hubbard, OH 44425

Case Number: [REDACTED]
LM Number: 016588

Dear Mr. Sowers:

This office has recently completed an audit of Steelworkers Local 5025 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 Vice President Joe Serrecchio on January 15, 2013, 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 5025's 2011 records revealed the following recordkeeping violations:

1. General Disbursement Records

Local 5025 failed to maintain backup documentation for a bowling tournament they paid

approximately \$250.00 to participate in during the audit year. Local 5025 also failed to maintain backup documentation for a golf outing they paid approximately \$1,680.00 for in the summer of 2011.

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. Raffles and Fundraisers

During the exit interview you disclosed that Local 5025 conducted a 50/50 Raffle during the summer golf outing to offset the outing expense. Local 5025 did not maintain adequate documentation to document the sources of the funds collected from these activities. With respect to the sale of 50/50 raffle tickets and fundraiser tickets, records must be maintained, at a minimum, that explain the number of tickets sold, the price of each ticket, and the amount of money collected.

3. Lost Wages

Local 5025 did not retain adequate documentation for lost wage reimbursement payments to union officers on at least two instances. 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 5025 did not maintain any documentation for lost time bonus payments totaling approximately \$166.00.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 5025 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.

4. Receipt Date and Source not Recorded

An entry in Local 5025's receipts journal reflected that the union deposited approximately \$192.00, but not the date the funds was received or the actual source of the receipt. Union receipts records must show the date and source of receipt. The date and source 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.

Based on your assurance that Local 5025 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 (For LM-3) filed by Local 5025 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Reconciliation

The LM-3 Report filed by Local 5025 for fiscal year ended December 31, 2011 did not reconcile by approximately \$4,000.00. Local 5025 did not include deductions from officer salary and lost time payments in Schedule 24, Line 14 of the LM-3 report. This caused the total disbursements to be overstated by at least \$4,000.00 since checks written for various agencies for payroll taxes were also included in the local's disbursement figures.

2. Raffles and Fundraisers

Local 5025 failed to report any of the 50/50 monies collected and awarded. The totals of such amounts should be reported in Items 44 (Other Receipts) and 54 (Other Disbursements), respectively. I suggested that in future raffles you deposit the total amount of proceeds from the raffle and write a check to the raffle winner.

Local 5025 must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient items discussed above. I encourage Local 5025 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than February 8, 2013 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures

I want to extend my personal appreciation to Steelworkers Local 5025 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. Mark Leonard, President