



March 25, 2013

Ms. Angelle Gregoire, Financial Secretary
Steelworkers, AFL-CIO
Local Union 6992
P.O. Box 611
Buffalo, NY 14207-0111

Case Number: 120-09263 [REDACTED]
LM Number: 002-891

Dear Ms. Gregoire:

This office has recently completed an audit of Steelworkers, Local Union 6992 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 Treasurer Michael Bielski and you on March 20, 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 6992's 2012 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 6992 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees or other disbursements from the union's account totaling at

least \$1,362. For example, there were no receipts for at least two payments to Glo-Mat for \$275 and \$90. Also, no receipt was retained by Former Financial Secretary [REDACTED] for postage totaling \$180.

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. Meal Expenses

Local 6992 did not retain itemized receipts for meal expenses totaling at least \$305. 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 6992 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, no itemized receipt was retained by President Gary Guralny for Frenchy's Restaurant for \$85. 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. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them during 2012. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Lost Wages

Local 6992 did not retain adequate documentation for lost wage reimbursement payments to union officers, union officers and employees on many occasions. 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 6992 did not consistently complete the lost time vouchers including the date or number of hours lost. Also, many times the officers or employees did not identify on the lost wage vouchers the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of a lost time expense voucher. This sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

5. Failure to Record Receipts

Local 6992 did not record in its receipts records dues checkoff direct deposits and some checks deposited to the union's bank account for other miscellaneous receipts. The union failed to record the deposits made to the union's account in a single union ledger, rather the union used the bank statement for all deposit records. 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.

Based on your assurance that Local 6992 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 6992 for the fiscal year ended December 31, 2011 was deficient in the following areas:

1. Disbursements to Officers

Local 6992 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 6992 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 6992'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.

3. Other Assets

Local 6992 reported an amount in Item 30 (Other Assets). The instructions for Item 30 state that the union should report assets such as accounts receivable, utility deposits, or travel advances which are not considered loans. The audit did not reveal any such assets for reporting. If an explanation is necessary, additional information can be provided in Item 56 (Additional Information).

I am not requiring that Local 6992 file an amended LM report for 2011 to correct the deficient items, but Local 6992 has agreed to properly report the deficient items on all future reports it files with OLMS, beginning with the fiscal year report for December 31, 2012.

Other Violation

Delinquent filing

Local 6992 has been delinquent in filing their LM-3 Reports for the past several years. Section 207 (b) of the LMRDA states each person required to file a report, shall file such reports within 90 days after the end of the organization's fiscal year. For example, USW Local 6992's report for fiscal year ending December 31, 2011 was not received by OLMS until July 10, 2012.

Local 6992 has advised they will submit their 2012 LM-3 report as soon as possible. Please assure all future reports are filed timely with OLMS.

Other Issue

Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 6992 does not have a clear policy regarding the expenses allowed for per diem when traveling locally and out of town. At this time, the union is not following the guidelines suggested by the International Union, however Local 6992 does not have any written policy. OLMS recommends that unions adopt written guidelines concerning such matters.

Ms. Angelle Gregoire

March 25, 2013

Page 5 of 5

I want to extend my personal appreciation to Steelworkers, Local 6992 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. Michael Bielski, Treasurer
Mr. Gary Guralny, President