



November 19, 2010

Ms. Patricia Hornyak, Financial Secretary  
Steelworkers Local 158  
133 Woodland Dr  
Kittanning, PA 16201-1969

Case Number: [REDACTED]  
LM Number: 019515

Dear Ms. Hornyak:

This office has recently completed an audit of Steelworkers Local 158 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 Malinda Bracken on November 17, 2010, 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 158's 2008 records revealed the following recordkeeping violations:

1. General Expenses

Local 158 did not retain adequate documentation for general expenses totaling at least \$709.96. For example, Local 158 purchased candy for their annual Christmas party from Obade Candy Company, Inc. but failed to retain the invoice for this transaction.

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. Receipts

In addition to dues, Local 158 receipts include interest, hall rental fees, and proceeds from t-shirt sales. Local 158 failed to record or note the source of these receipts on Local 158 books. Local 158 did not retain duplicate receipts for t-shirt sales or union hall rental fees. 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.

3. Meeting Minutes

Local 158 failed to record the minutes of their general membership meetings held during the months of January, April, June, July, October, November, and December 2008, as required by their local union bylaws. Minutes of all membership and executive board meetings must be recorded and report and disbursement authorizations made at those meetings.

4. Lack of Salary Authorization

Local 158 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 158 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 158 for the fiscal year ended December 31, 2008, was deficient in the following area:

### Cash Reconciliation

The cash figures reported in Item 25 (Cash) do not reconcile. It appears the beginning and ending cash figures were reported properly; however, the cash disbursements figures on Statement B of the LM-3 report were not properly reported or added correctly.

Local 158 must file an amended Form LM-3 for the fiscal year ended December 31, 2008, to correct the deficient items discussed above. I have enclosed a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than December 10, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Violations

The audit disclosed the following other violation:

#### Failure to File

Local 158 is delinquent in filing their Form LM-3 for fiscal year ended December 31, 2009. The law requires the president and treasurer or corresponding principal officers of each labor organization to file an annual financial report with the Office of Labor-Management Standards (OLMS) within 90 days after the end of its fiscal year; therefore, your organization's report is long overdue.

You agreed to submit your union's delinquent report to this office at the above address as soon as possible but not later than December 10, 2010. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Steelworkers Local 158 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. William Barrido, International Staff Representative