



January 19, 2011

Ms. Lisa DePugh, Treasurer  
Steelworkers, AFL-CIO  
Local 1070  
P.O. Box 1059  
Washington Court House, OH 43160

Case Number: [REDACTED]  
LM Number: 505213

Dear Ms. DePugh:

This office has recently completed an audit of Steelworkers Local 1070 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 on December 9, 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 1070's fiscal year 2009 records revealed the following recordkeeping violations:

#### 1. Supporting Documentation

Local 1070 did not retain adequate supporting documentation for disbursements totaling at least \$1,805.17. For example, the union did not maintain any supporting documentation for tax payments or payments to American Legion Post 25.

As previously 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. Failure to Record Receipts

Local 1070 did not record in its receipts records each dues checkoff payment. For example, in July, August, September, October, and December, the union recorded its receipts totals instead of listing each receipt separately in its Cash Book. 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 1070 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 Form LM-3 Labor Organization Annual Report filed by Local 1070 for its fiscal year ending December 31, 2009 was deficient in the following area:

#### 1. Cash Reconciliation

There was a cash reconciliation discrepancy of \$500 in Local 1070's fiscal year 2009 Form LM-3. It appears that the disbursements total reported in Item 55 includes a \$500 funds transfer from the union's Advantage Bank account to its Huntington National Bank Account. Reporting the transfer as a disbursement appears to have caused the union's disbursements total to be overstated by \$500 and the cash reconciliation discrepancy.

Local 1070 filed an amended LM report for 2009 to correct the deficient item and the union has agreed to properly report fund transfers on all future reports it files with OLMS.

The audit also disclosed a violation of LMRDA Section 201 which requires a labor organization to file its annual financial report with the Department of Labor within 90 days after the end of its fiscal year.

#### 2. Delinquent Filing

Local 1070's Labor Organization Annual Report, Form LM-3, for the fiscal years ending December 31, 2008 and 2009 were due March 30, 2009 and March 31, 2010, respectively, or 90 days after the end of your organization's fiscal year. The 2008 report was received by the Department of Labor on May 6, 2009 and the 2009 report was received on April 9, 2010.

Local 1070 has agreed to file future reports on time with the Department of Labor.

I want to extend my personal appreciation to Steelworkers Local 1070 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. John Teets, President