



July 7, 2011

Mr. John Flynn, President
Steelworkers Local 164L
2727 East Market Street
Des Moines, IA 50317-1255

Case Number: [REDACTED]
LM Number: 027444

Dear Mr. Flynn:

This office has recently completed an audit of Steelworkers Local 164L 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 Financial Secretary Linda Burgess on June 22, 2011, 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 164L's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 164L did not retain adequate documentation for credit card expenses incurred by former President [REDACTED] totaling at least \$419.99. For example, two credit card

charges for \$195.00 each were made on January 23, 2010 to the Iowa House Hotel. Backup documentation, such as a hotel receipt, was not retained for these charges.

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. Disposition of Property

Local 164L did not maintain an inventory of shirts, soda, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

3. Information not Recorded in Meeting Minutes

During the audit, Mr. Flynn and Ms. Burgess advised OLMS that the membership authorized all large and unusual disbursements at monthly membership meetings. However, the minutes of the meeting do not contain any reference to a \$3,471.04 check written on February 4, 2010 to Baker Electric. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings, including the authorized payee, the authorized amount, and a confirmation that the motion was approved.

4. Lack of Salary Authorization

Local 164L did not maintain records to verify that the salary reported for former President [REDACTED] 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 164L will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

Signing Blank Checks

During the audit, you advised that the president, treasurer or financial secretary may occasionally sign blank checks. You also advised that the Steelworkers National Headquarters requires all checks be signed by the president, treasurer, and financial secretary. The multiple signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the multiple signature requirement. OLMS recommends that Local 164L review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 164L 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: Ms. Linda Burgess, Financial Secretary
Mr. Dave Strock, Treasurer