



September 15, 2023

Mr. Thomas McGee, President
Steelworkers Local 12-8586-S
993 Elgie Street
Beaumont, TX 77725

Case Number: 420-6025833()
LM Number: 511651

Dear Mr. McGee:

This office has recently completed an audit of Steelworkers Local 12-8586-S 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, Financial Secretary Joseph Wineland, and Treasurer Ruben Strother on September 15, 2023, 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 12-8586-S' 2021 records revealed the following recordkeeping violations:

1) Meal Expenses

Local 12-8586-S did not require officers to submit itemized receipts for meal expenses totaling at least \$160 or contain an explanation why the meal charges were incurred. 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.

- 2) All disbursements did not have supporting documentation to indicate union purpose.

Local 12-8586-S did not retain adequate supporting documentation for all expenses reimbursed to officers totaling at least \$45, as no descriptive receipt was attached to the expense voucher. Labor organizations must retain original itemized 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.

- 3) Lost Wages

Local 12-8586-S did not always retain adequate documentation for lost wage reimbursement payments to union officers and employees. 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 2-8586-S retained lost wages expense vouchers; however, the vouchers did not always contain an adequate explanation for the reason lost time was claimed, the date(s) lost time was claimed, the number of hours claimed, or the applicable rate of pay was not identified.

The OLMS Compliance Tip, *Union Lost Time Payments*, contains a sample of an expense voucher that Local 12-8586-S 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.

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 12-8586-S for the fiscal year ended December 31, 2021, was deficient in the following areas:

- 1) All Officers not reported on LM-3 Report

Local 12-8586-S did not report the names of five union officers: Vice President, Guide, Inside Guard, Outside Guard, and IMS Chair, 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.

- 2) Fixed Assets

The book value at the start and end of the reporting period for fixed assets reported in Item 29 (Fixed Assets) has not changed for depreciation. The LM-3 instructions require

that the book value at the start and end of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by your organization is entered in Columns (A) and (B). The book value of fixed assets is cost less depreciation.

Based on your assurance that Local 12-8586-S will retain adequate documentation and correct LM reporting items in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Steelworkers Local 12-8586-S 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,



Senior Investigator

cc: Mr. Joseph Wineland, Financial Secretary
Mr. Ruben Strother, Treasurer