



September 30, 2010

Mr. Lawrence Johnson, President  
Steelworkers, AFL-CIO  
Local 07-466-L  
1083 E 38th Street  
Marion, IN 46953

Case Number: [REDACTED]  
LM Number: 043591

Dear Mr. Johnson:

This office has recently completed an audit of Steelworkers, AFL-CIO Local 07-466-L 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 Zac Cook, and Vice President David Weaver on September 27, 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 07-466-L's 2009 records revealed the following recordkeeping violations:

1. General and Credit Card Expenses

Local 07-466-L did not retain adequate documentation for disbursements such as \$90.00 paid to an individual for a filing cabinet and \$152.00 to a hotel for hall rent. As another example, the May 2009 and July 2009 statements for the local's office supply store credit card account were not on file. Because these two statements were missing, the transactions and itemized purchase details yielding the "Previous Balance" amounts of \$129.54 and \$256.06 on the June 2009 and August 2009 statements, respectively, could not be identified. Furthermore, credit card slips and itemized receipts for purchases made during the periods covered by the missing statements were not on file.

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 07-466-L records of meal expenses usually included a very brief handwritten explanation of the union business conducted but generally did not include the names and titles of the persons incurring the restaurant charges. For example, the supporting documentation for check [REDACTED], paid to a restaurant in the amount of \$55.19, consisted of a receipt that showed that four guests were at the meal and a statement for the local's account with the restaurant, on which the note "Board Meeting Proposal" had been written.

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

You and Recording Secretary Quentin Sanders each received reimbursement for business use of your personal vehicles for travel to a Steelworkers International Union conference in Pittsburgh, Pennsylvania in December 2009. Each of you received two checks, the first for \$406.05 (checks 28369 and 28370) and the second for \$204.05 (checks 28375 and 28376). The Salary, Lost Time and Expenses Vouchers for the first checks showed that \$204.05 of their total amounts covered mileage to the conference. For the second checks, however, a search of the files revealed neither Salary, Lost Time and Expenses Vouchers nor any other supporting documentation giving any information about the disbursements other than to describe them as being for "Travel." Ultimately, the expense paid by the second check was determined to be mileage for the return trip back to Marion, Indiana, since the first check had included only one-way mileage.

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. Information Not Recorded in Meeting Minutes

During the audit, you, Mr. Cook, Mr. Weaver, and Treasurer Douglas Stepler advised that the specific dollar amounts of any travel-related expenses are brought to the general membership and approved before travel occurs. Moreover, the United Steelworkers By-Laws for Local Unions, dated July 2006, at Article V, Section 5(c), states, in part:

All money paid out by the Local Union from its treasury must be approved by the members at a Local Union meeting. Under no circumstances shall Officers or members pay bills without authorization by a Local Union meeting...

However, none of the 2009 meeting minutes provided to OLMS showed the general membership's approval of disbursements related to your and Mr. Sanders' travel to the Steelworkers International Union conference in Pittsburgh, Pennsylvania in December 2009. The only possible mention of the trip was the fragmented note of "Dec 9-13<sup>th</sup> Pittbrg" in minutes dated October 20, 2009.

As I pointed out at the exit interview, a second set of minutes provided to OLMS may have also contained a reference to the December 2009 trip. These minutes were dated "October 20, 2008" and included a single sentence about a December trip: "The union agreed to send Loni Johnson and Quentin Sanders Pittsburg for Civil Rights Conference to be held on Dec 9-13-200X." The digit indicated by the 'X' was hard to read but was either an eight or a nine. Although more explicit than the note made in the 2009 minutes, even this reference did not state the specific amount of disbursements authorized for the trip. Also problematic was that comparison of this set of minutes to the 2009 minutes – the topics, their order and the discussions about them – strongly indicated that the 2008 minutes were actually an incorrectly-dated duplicate of the 2009 minutes. This possibility was further supported by the fact that in 2008, October 20 was the third Monday of the month, as opposed to the third Tuesday, when the regular monthly membership meetings are normally held.

5. Lack of Salary Authorization

Local 07-466-L did not maintain records to verify that the salaries it reports in Item 24 (All Officers and Disbursements to Officers) of the Form LM-3 are the authorized amounts and therefore are correctly reported. The union must keep a record, such as meeting minutes, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 07-466-L will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

A violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations, occurred in that Local 07-466-L did not file its Labor Organization Annual Report Form LM-3 for the fiscal year ended December 31, 2009 by the statutory deadline of March 31, 2010.

On the day of the exit interview, I returned the financial records and provided you with blank forms and instructions. You and the other officers at the exit interview promised to complete the report and mail it to me by the end of this week, October 1, 2010.

Based on your assurance that Local 07-466-L will file the delinquent report very shortly, OLMS will take no further enforcement action at this time regarding the above violation.

### Other Issues

Four pieces of information that must be maintained to adequately support the payment of lost wage claims are: the date of each instance of lost wages, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. Local 07-466-L's records of lost wage claims were generally found to contain this required minimum information.

Nonetheless, because of the complexity of the contract provisions regarding overtime earnings, and, hence, the impact of lost time on such earnings, slight modifications in the presentation of this information would enhance the usefulness of the records. First, consider requiring lost time claimants to identify not only the date on which overtime pay was lost but also, when applicable, the date before that when the original lost time was incurred, which caused the loss of overtime pay for subsequent hours worked. Second, separating the elements of the pay rate(s) in effect for any particular lost time claim should help clarify why a particular dollar amount is claimed. The elements would consist of the base hourly rate and the multiplier – 1 for basic straight time, 1.5 for the “time and a half” of overtime, and 0.5 for when a loss of hours due to union business earlier in the week causes fewer hours later in the week, such as on the sixth day, to be paid at the time and a half rate. For all claims, whether or not involving overtime, fuller descriptions of the union business conducted or its purpose would help ensure confidence in the validity of the claim when later reviewed. And, it is highly recommended that submission of the related time card(s) be an enforced prerequisite for the payment of lost time wages.

During the exit interview, I provided a sample of an expense voucher Local 07-466-L may use to facilitate its compliance with the recordkeeping requirements for payment of lost wages and other expenses.

I want to extend my personal appreciation to Steelworkers, AFL-CIO Local 07-466-L 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. Zac Cook, Financial Secretary  
Mr. Douglas Stepler, Treasurer  
Mr. David Weaver, Vice President