



December 14, 2012

Ms. Judith Herzig, Financial Secretary
Steelworkers Local 12325



Case Number: [REDACTED]
LM Number: 024879

Dear Ms. Herzig:

This office has recently completed an audit of Steelworkers Local 12325 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 former financial secretary [REDACTED] on November 6, 2012, 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.

Recording 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 12325's 2011 records revealed the following recordkeeping violations:

Reimbursed Expense Receipts

Union officers failed to maintain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded. For example, during President Michael Ferriter's attendance at an International Conference in Reno, NV numerous meal receipts indicated that several people besides President Ferriter were present. President Ferriter failed to note all the individuals partaking of the meals as well as the union purpose on the back of the receipts.

Based on your assurance that Local 12325 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

Signing Checks

During the audit, you advised me that your union is required to have all checks signed by the president, treasurer, and financial secretary. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. A majority of the checks issued during the audit year had the required three officer signatures; however, seventeen checks had only two signatures.

Expense Policy

As I discussed during the exit interview, the audit revealed that the International Union does have a policy regarding the amount of expenses personnel may claim for reimbursement. Local 12325 does not have its own written guidelines for officer expenses. The audit revealed that Local 12325 reimburses all expenses incurred by officers while conducting union business. OLMS recommends that Local 1235 adopt written guidelines concerning officer expenses.

I want to extend my personal appreciation to Steelworkers Local 12325 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. Michael Ferriter, President