



August 8, 2013

Mr. Brad Kent, Financial Secretary
Steelworkers Local 4842

Case Number: 150-10383 [REDACTED]
LM Number: 014149

Dear Mr. Kent:

This office has recently completed an audit of Steelworkers Local 4842 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, Treasurer Greg Dusch, and Recording Secretary Tom Hoffman on August 8, 2013, 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 4842's 2012 records revealed the following recordkeeping violations:

1. Receipt and Disbursement Dates not Recorded

Entries in Local 4842's cash book failed to record the date the union received or disbursed money. Union receipts and disbursement records must show the date of receipt and

disbursement. The dates are required in order to verify, explain, or clarify amounts reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received or disbursed could result in the union reporting some receipts or disbursements for a different year than when it actually received or disbursed them.

2. General Reimbursed Expenses

Local 4842 did not retain adequate documentation for reimbursed expenses incurred by Financial Secretary Brad Kent and Recording Secretary Tom Hoffman. For example, Financial Secretary Kent failed to maintain a postage receipt and a computer security receipt totaling at least \$50.90 in reimbursed expenses. Local 4842 failed to maintain receipts and a voucher to support check [REDACTED] payable to Tom Hoffman for expenses in the amount of \$65.46.

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.

3. Donations

Local 4842 failed to maintain documentation to support donations made to Osiris Shrine and the Wheeling Fellow Craft Club. Authorization for these donations was documented in local meeting minutes; however, Local 4842 needs to maintain the letter soliciting such donations, a receipt, or thank you letter for the donation.

Based on your assurance that Local 4842 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 Labor Organization Annual Report (Form LM-3) filed by Local 4842 for the fiscal year ended December 31, 2012, was deficient in the following area:

Disbursements to Officers

Local 4842 did not include some reimbursements to officers totaling at least \$116.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 4842 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 4842 file an amended LM report for 2012 to correct the deficient items, but Local 4842 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 4842 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. Greg Dusch, Treasurer
Mr. David Lusetti, USW International Auditor