

U.S. Department of Labor
Employment Standards Administration

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January 26, 2007

Jeffrey Karcher, President
United Steelworkers, AFL-CIO
Local Union #04-00593
425 Military Road
Buffalo, NY 14207

Re: Case No. [REDACTED]

Dear Mr. Karcher:

This office has recently completed an audit of the United Steelworkers, LU #4-593 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 on January 11, 2007, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of the United Steelworkers, LU #4-593's 2005 records revealed the following recordkeeping violations:

- The union failed to maintain records supporting the distribution of 525 \$30.00 Tops gift certificates to members during the year. As we discussed there were approximately 462 members at the time, leaving approximately 63 gift certificates unaccounted for.

[REDACTED]

You indicated that the executive board and membership were aware of the annual practice of distributing, at Christmas time, the Tops gift certificates to members and those providing a service for the union. This issue was discussed with the executive board and union members, prior to our audit, and the local has implemented a process to record the distribution of the gift certificates in the year 2006 and beyond.

- The union failed to maintain records supporting the expense to Pokey Joe's Club Bar during 2005. You stated it was a normal, annual expense to rent the hall for the retiree's Christmas Party.

You stated that since taking over as president of the union in 2006, you have also looked at this issue and have established requirements that receipts must be maintained for any expense the union incurs during the year. These requirements have been properly explained to the union's executive board and the 2006 financial records are complete.

As agreed, provided that your local maintains adequate documentation in the future, no additional enforcement action will be taken regarding these violations.

We also talked about internal financial controls that should be followed in the course of maintaining union records as follows:

- More than one signature of authorized officers should be required to make any withdrawals from the union's savings account. The union requires and adheres to having three signatures on all withdrawals from the union's checking account, which is a good practice.
- Meeting minutes should be maintained recording actions taken at the union's executive board meetings. The union maintains general membership meeting minutes, but failed to have a summary of discussions and authorized expenses acted upon during the monthly executive board meetings. You indicated that the union is following this suggestion since you were advised of the inadequacy during our opening interview.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

[REDACTED]

Senior Investigator