

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigative Office
900 Second Avenue South
Room 450
Minneapolis, MN 55402
(612)370-3111 Fax: (612)370-3107



July 13, 2007

LM File Number: 062-605
Case Number: [REDACTED]

Mr. Keith Porter, President
STEELWORKERS AFL-CIO Local 11-6803
1407 Highway 13 N.
Albert Lea, MN 56007

Dear Mr. Porter:

This office has recently completed an audit of Steelworkers Local 6803 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 Financial Secretary Johnson on June 5, 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.

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 6803's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 6803 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,500. For example, no receipt, voucher, or other supporting documentation was found for check [REDACTED]. The check was split on the ledger with \$280.50 found under the "Reimbursed Individual Expense" column and \$75 under the "Educations, Recreation, Conference" column. The ledger indicated that the purpose of the expense was "chairs," but no supporting documentation was found.

Reimbursements for mileage and per diem also lacked adequate documentation. Check [REDACTED] to you and check [REDACTED] written to Unit Chairman Samudio are two examples of this. Vouchers were found for both checks that indicate they were issued as reimbursement for attending the District Convention; however, \$436.77 of check [REDACTED] and \$100 of check [REDACTED] was not explained on the voucher and no other supporting documentation was found. Review of other vouchers suggests that these expenses were most likely mileage and per diem, but no dates or number of miles claimed was indicated anywhere.

As previously 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. Lost Wages

Local 6803 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$2,800. 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 audit found that in most instances Local 6803 recorded the purpose for lost wages and the total amount to be paid on expense vouchers, but failed to include the date, number of hours, and the rate of pay. An example of this is check [REDACTED] written to Unit Chairman Boettcher. The voucher claims reimbursement for \$1,113 for what is identified as

Mr. Keith Porter
July 13, 2007
Page 3 of 3

"training." However, the dates that wages were lost and the wage rate used to calculate the amount of the claim were not recorded on any record.

Based on your assurance that Local 3558 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 LM-3 filed by Local 6803 for fiscal year ending December 31, 2006, was deficient in the following area:

Per Capita Tax

Local 6803 did not properly report per capita taxes paid in Item 47 (Per Capita Tax). According to the LM-3 instructions, Item 47 is to include the total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other labor organization. Local 6803 included in Item 47, payments to Union Center, a building corporation, totaling \$3,537.50. The audit revealed that these payments were made on a per member basis for the purpose of operation and maintenance of the Union Center building. Payments for ordinary office and administrative expenses such as rent, utilities, and office supplies should be included in Item 48 (Office and Administrative Expense).

I want to extend my personal appreciation to Steelworkers Local 6803 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: Nathan Johnson, Financial Secretary