

U.S. Department of Labor

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January 22, 2008

Mr. Shane Burns, President
Steelworkers AFL-CIO
Local 13-434
114 1/2 E. Elm St.
El Dorado, AR 71730

LM File Number 024-231
Case Number: [REDACTED]

Dear Mr. Burns:

This office has recently completed an audit of Steelworkers Local 13-434 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 Jimmy Warren on January 10, 2008, 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 13-434's 2007 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 13-434 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the local would staple meal receipts to check stubs, but the records did not indicate the purpose of the meal and who was in attendance. 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.

2. Lost Wages

Local 13-434 did not retain adequate documentation for lost wage reimbursement payments to union officers on at least sixteen payments made during 2007. 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 OLMS audit found that Local 13-434, maintains a good voucher system for tracking lost wage payments, but did not include the purpose, date, and rate of pay (regular and overtime) on every voucher.

3. Failure to Record Receipts

Local 13-434 did not record in its general ledger or monthly financial report interest earned on certificates of deposit totaling at least \$8,651.25. For example, the current amount of the CD was listed on the monthly financial report along with the total amount of receipts from dues, but the amount of interest earned from the CD's was not on the report. Union receipts records must include an

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adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Receipt Dates not Recorded

Entries in Local 13-434's general ledger and monthly financial report reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be 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 could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 13-434 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Steelworkers Local 13-434 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,

[REDACTED]
Investigator