



June 16, 2011

Mr. Marshall Koger, President
Steelworkers AFL-CIO
Local 09-481-G
134 Roberts Street
Florence, AL 35633

Case Number [REDACTED]
LM Number: 067-989

Dear Mr. Koger:

This office has recently completed an audit of Steelworkers Local 09-481-G 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 Andy Bryant, and Financial Secretary Randy West on June 9, 2011, 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 09-481-G's 2010 records revealed the following recordkeeping violations:

1. Lost Wages

Local 09-481-G did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$5,057.32. 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 09-481-G's vouchers did not reflect the lost time dates and union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher. The lost wage voucher provided by your international is sufficient because it identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. General Expenses

Local 481 did not retain adequate documentation for general expenses paid by your local totaling at least \$200. For example, the local disbursed \$200 but did not identify the union purpose.

As noted above, labor organizations must maintain 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. 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. Receipt Dates not Recorded

Entries in Local 09-481-G's cash books 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.

4. Lack of Salary Authorization

Local 09-481-G did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 09-481-G will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Bank Deposits

The audit disclosed that a union officer remits your organization's deposits to his spouse, who is a bank employee, outside of banking hours, and the spouse makes the deposits on behalf of the local. Article V, Section 5 (Duties of Treasurer) of the By-laws for Local Unions states, "The Treasurer shall receive from the Financial Secretary all money collected by the Financial Secretary and shall deposit all money belonging to the Local Union in a bank designated by it." In addition, the international's bond coverage for local unions specifically covers only union officials and personnel. Since the bank employee is not an employee or officer of your organization, it is strongly recommended that Local 09-481-G discontinues this practice and ensure that future deposits are made by the treasurer or other designated union official as required in your organization's bylaws.

I want to extend my personal appreciation to Steelworkers Local 09-481-G 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Andy Bryant, Treasurer