



December 23, 2016

Ms. Sharon Clark, Financial Secretary  
Steelworkers, AFL-CIO  
Local Union 1034  
PO Box 769  
Corning, NY 14830

Case Number: 110-6009410  
LM Number: 542746

Dear Ms. Clark:

This office has recently completed an audit of Steelworkers (USW) Local 1034 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 President Wesley Setzer, Treasurer Anthony Buckley, and you on November 22, 2016, 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 1034's 2015 records revealed the following recordkeeping violations:

1. General Disbursements and Debit Card Expenses

Local 1034 did not retain adequate documentation for general expenses paid by check and debit card expenses incurred by union officers and employees totaling at least \$7,293. For example, no receipt or invoice was retained for Caesars Casino & Hotel for \$6,903.20 in which officers and employees stayed at during the USW District 4 Conference.

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.

2. Meal Expenses

Local 1034 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$284. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1034's 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, a debit to Woodhouse Stadium for \$386.24 did not include the names and titles of persons present at the meal, nor the business purpose conducted. 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.

3. Lost Wages

Local 1034 did not retain adequate documentation for lost wage reimbursement payments to some union officers and employees on a few instances. 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 1034 did not always identify on the lost wage vouchers the union business conducted but rather used "union business" as the explanation for reimbursement. "Union business" is an insufficient explanation for the lost time wages reimbursed.

During the exit interview, I explained what Local 1034 can do to satisfy this requirement including the type of information and documentation that the local must maintain for lost wages and other officer expenses.

### 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 1034 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Failure to Report Receipts/Disbursements Accurately

Local 1034 failed to properly report the gross local refund of dues from the International in Item 38 (Dues). Amounts were deducted from the total gross receipts owed the local union for payments made on the union's behalf to the NYS AFL-CIO for per capita tax. These are considered receipts and disbursements of the union and should be reported as such on the form.

The LM-3 instructions state for Item 38, report the full dues received by your organization, including any portion that will later be transmitted to an intermediate or parent body as per capita tax. Any payments made on behalf of Local 1034 for Per Capita Tax should be reported in Item 47 (Per Capita Tax).

Also, other receipts such as reimbursements from members, refunds from the District or other miscellaneous receipts should be reported in Item 43 (Other Receipts). The audit found the union did not report accurately all other receipts in Item 43.

2. Purchase of Investment or Fixed Asset

During the audit year, Local 1034 purchased a new computer totaling \$416.85; however the disbursement was not reported in Item 52 (Purchase of Investments and Fixed Assets). Include in Item 52, the total disbursement for all fixed assets purchased by your organization during the period.

I am not requiring that Local 1034 file an amended LM report for 2015 to correct the deficient items, but Local 1034 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to USW Local 1034 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,



Supervisory Investigator

cc: Mr. Wesley Setzer, President  
Mr. Anthony Buckley, Treasurer