

U.S. Department of Labor

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March 26, 2018

Ms. Lisa Minto, Treasurer
Butler PIN/PASNAP
907 E Pearl Street
Butler, PA 16001

Case Number: 140-6012164 [REDACTED]
LM Number: 537273

Dear Ms. Minto:

This office has recently completed an audit of Butler PIN/PASNAP 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 President Tamara May on March 23, 2018, 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 Butler PIN/PASNAP's records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the officers' annual stipend is \$600; however, the Butler PIN/PASNAP bylaws state that the annual stipend is \$400. You mentioned that the

stipend amount was increased and approved during a meeting. Article IV, Section 5A of the Butler PIN/PASNAP bylaws require that disbursement of union funds shall be authorized by a majority vote of the executive board; however, the union maintained no minutes of said meeting.

Also, you advised that members of the negotiation team received \$10 per hour for their attendance at negotiations and OLMS discovered \$20 per hour payments to officers for attending new hire meetings. Neither of these disbursements were referenced in the meeting minutes.

2. Lack of Salary Authorization

Butler PIN/PASNAP 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 Butler PIN/PASNAP 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 Labor Organization Annual Report LM-3 filed by Butler PIN/PASNAP for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 of the LM-3 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away sweatshirts totaling more than \$477 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Butler PIN/PASNAP did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. Executive Officers

Katrina Moore and Diana Moore were officers in FYE December 31, 2016; however they were not listed on the LM-3 report.

The union must report most direct disbursements to Butler PIN/PASNAP officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Butler PIN/PASNAP file an amended LM report for 2016 to correct the deficient items, but Butler PIN/PASNAP has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Failure to Follow Bylaws

During the audit, you advised OLMS that the union holds an annual membership meeting every November; however, Article III of the Butler PIN/PASNAP bylaws state that membership meetings are to be convened at least twice a year.

2. Failure to Follow Bylaws

Article V, Section 4 of the Butler PIN/PASNAP bylaws states that negotiation teams will consist of at least five but no more than ten members; however, Butler PIN/PASNAP paid seventeen members for being on the negotiation team.

I want to extend my personal appreciation to Butler PIN/PASNAP 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