



June 5, 2020

Ms. Loretta Glover, President
Steelworkers, AFL-CIO
Local 2511
[REDACTED]

Case Number: 320-6018135 [REDACTED]
LM Number: 028922

Dear Ms. Glover:

This office has recently completed an audit of Steelworkers (USW) Local 2511 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, Financial-Secretary Robert Hoffman, Treasurer Homer Stanifer, and Recording-Secretary Devin Freelon on June 2, 2020, 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 2511's 2018 and 2019 records revealed the following recordkeeping violations:

1. General Disbursements and Reimbursed Expenses

Local 2511 did not retain adequate supporting documentation for some general disbursements and reimbursed expenses to Ms. Glover during the audit period. For example, Ms. Glover was reimbursed \$20.00 in parking fees for an USW District 2

Conference in March 2018, but Local 2511 did not retain a receipt for the expense. Local 2511 only retained an expense voucher, which is not sufficient.

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. Lost Wages

Local 2511 did not retain adequate documentation for lost wage reimbursement payments to Ms. Glover totaling at least \$122.33. 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 2511 did not retain a voucher or other similar record as supporting documentation for the wage claim.

3. Receipt Dates not Recorded

Entries in Local 2511's general ledger do not contain 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 2511 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 2511 amended its constitution and bylaws in 2017, but did not file a copy with its LM report for that year. Local 2511 has now filed a copy of its constitution and bylaws.

Other Issue


Expense Policy

As I discussed during the exit interview with you, Mr. Hoffman, Mr. Stanifer, and Mr. Freelon, the audit revealed that Local 2511 does not have a clear policy regarding the types of expenses

personnel may claim for reimbursement. OLMS recommends that you (1) adopt a clear written policy for travel expenses; (2) establish what documentation must be submitted for reimbursed expenses; and (3) establish a procedure that provides for approval of travel expense claims. Such policies and procedures can help ensure effective internal controls and safeguard union assets.

I want to extend my personal appreciation to USW Local 2511 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 solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Robert Hoffman, Financial-Secretary
Mr. Homer Stanifer, Treasurer
Mr. Devin Freelon, Recording-Secretary