



December 18, 2020

Clinton Kelch, Financial Secretary
United Steelworkers Local 1973
[REDACTED]

Case Number: 350-6020182 [REDACTED]
LM Number: 059208

Dear Mr. Kelch:

This office has recently completed an audit of United Steelworkers Local 1973 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 on December 16, 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 1973's 2019 records revealed the following recordkeeping violations:

1. Lost Wages

Local 1973 did not retain adequate documentation for lost wage reimbursement payments to you and Recording Secretary Jamie Sweet on at least eight 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 on some vouchers and checks, Local 1973 documented incorrect lost time dates and/or minor differences in pay rates for you and Sweet. For example, on January 7th and January 23rd, you were paid lost time at a rate \$0.68 per hour lower than the employer rate. Likewise, Sweet's pay rate for lost time was at times \$0.23 to \$0.59 lower than his employer documented rate. Lastly, the local's records show Sweet absent from work to conduct union business on July 31st and November 30th, but employer records detail Sweet was absent for union business on July 26th and November 26th.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1973 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 1973 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, Form LM-3, filed by Local 1973 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Disbursements to Officers

Local 1973 did not include reimbursements to you for \$49.21 and \$153.24 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54. Also, the union did not correctly and fully report salaries and allowances on the LM-3 report. The difference for you totals \$17.82 and the difference for Sweet totals \$243.

The union must report most direct disbursements to Local 1973 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 Local 1973 file an amended LM report for 2019 to correct the deficient items, but Local 1973 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

1. Two Signature Requirement

Your union's bylaws require that all checks be signed by the president and treasurer/financial secretary. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 1973 enforce these procedures in order to maintain internal control of union funds.

I want to extend my personal appreciation to United Steelworkers Local 1973 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

cc: Robert Roberson, President