

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
1240 East Ninth Street
Room 831
Cleveland, OH 44199
(216)357-5455 Fax: (216)357-5425



November 20, 2008

Ms. Linda Hawk, Financial Secretary
Steelworkers AFL-CIO
Local 5000
17535 Rosbough Drive, Suite 101
Middleburg Heights, OH 44130

LM File Number 029-366
Case Number: [REDACTED]

Dear Ms. Hawk:

This office has recently completed an audit of Steelworkers Local 5000 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 David Sager on October 23, 2008, 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 5000's 2007 records revealed the following recordkeeping violation:

Lack of Salary Authorization

Local 5000 did not maintain records to verify that the salary reported in Item 24 to Financial Secretary Linda Hawk (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 5000 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Other Issues

Use of Signature Stamp

During the audit, Linda Hawk advised that it is Local 5000's practice for her to sign all union checks and to stamp the signature of President David Sager on union checks. Linda Hawk indicated that she is the only officer who reviews the checks before they are issued. Article V, Section 7 of Local 5000's bylaws requires that checks be signed by the president and treasurer. 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. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two-signature requirement.

OLMS recommends that Local 5000 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 5000 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: President David Sager