

**U.S. Department of Labor**

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January 8, 2008

Mr. Frank Sereno, Financial Secretary  
United Steelworkers, AFL-CIO  
Local 7-626  
528 West Avenue  
Morris, IL 60450

LM File Number: 006-144  
Case Number: [REDACTED]

Dear Mr. Sereno:

This office has recently completed an audit of USW Local 7-626 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 Brian Clubb on January 4, 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 7-626's 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 7-626 officers Brian Clubb and Craig Mooney did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges in records of meal expenses totaling approximately \$640.00. For example, none of the receipts submitted for reimbursement of the 3<sup>rd</sup> step lunches had the names of those who attended. 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.

Local 7-626 also did not require officers Brian Clubb and Craig Mooney to submit itemized receipts for several meal expenses. 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.

2. Lack of Salary Authorization

Local 7-626 did not maintain records to verify that the dues reimbursement included as 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 or attendance records, to show

the current salary authorized for dues reimbursement was actually due to a local union officer.

Based on your assurance that Local 7-626 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Issues

The audit disclosed the following other issues(s):

1. Sick Leave Benefit Policy

The audit revealed that Local 7-626's policy concerning a \$100.00 sick leave benefit payment for members is not recorded in union records. It is a past practice of the local union to disburse \$100.00 to members who are taking 13 weeks of official sick leave from the plant. The practice of distributing \$100.00 to members on sick leave is undocumented and the union is required to keep some form of documentation of this practice/policy. OLMS recommends that Local 7-626 adopt written guidelines concerning such matters. These guidelines should be in the local's bylaws or permanently reflected in the meeting minutes. I would appreciate it if you would forward a copy of the record documenting the policy to me at the above address at whatever time the sick leave benefit policy are recorded in union records.

2. Dues Reimbursement Policy

The audit revealed that Local 7-626 does not have a clear policy regarding prorated dues reimbursement for officers and dues reimbursement for officers' excused absences from local union meetings. The Local 7-626 bylaws say that officers will be reimbursed for their yearly dues if they attend at least four local union meetings during the year. Local 7-626 prorates dues for officers who have not been in office for the full year, but have attended meetings during their shortened term. Local 7-626 also will reimburse dues for officers who have not attended four meetings but have excused absences. The practices of prorating dues and reimbursing dues for excused absences are undocumented and the union is required to keep some form of documentation of these practices/policies. OLMS recommends that Local 7-626 adopt written guidelines concerning such matters. These guidelines should be in the local's bylaws or permanently reflected in the

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meeting minutes. I would appreciate it if you would forward a copy of the record documenting the policy to me at the above address at whatever time the additional dues reimbursement policies are recorded in union records.

I want to extend my personal appreciation to USW Local 7-626 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: Brian Clubb, President