

**U.S. Department of Labor**

Office of Labor-Management Standards  
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August 31, 2009

Ms. Kelly L. Silvers, Financial Secretary  
Steelworkers Local 2958  
420 North Main Street  
Kokomo, IN 46901

LM File Number: 062-586  
Case Number: [REDACTED]

Dear Ms. Silvers:

This office has completed an audit of Steelworkers Local 2958 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 September 2, 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 Violation

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 2958's 2007 records revealed the following recordkeeping violation:

1. Disposition of Property

Local 2958 did not maintain an inventory of tee shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

Based on your assurance that Local 2958 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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-2 filed by Local 2958 for fiscal year ending December 31, 2007, was deficient in the following area:

1. Sale of Supplies

Local 2958 did not correctly report receipts from the sale of supplies or disbursements for supplies for resale. The audit revealed that during 2007, Local 2958 collected receipts from the sale of tee shirts totaling at least \$859.00. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale). In addition, it must report the value of any supplies for resale on hand at the beginning and end of the year in Item 28 and Schedule 7 (Other Assets).

I am not requiring that Local 2958 file an amended LM report for 2007 to correct the deficient items, but Local 2958 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Shirt Sale Receipts

The union is not properly completing duplicate receipts issued to local members for tee shirt sales. It is recommended the union enter the name of the member purchasing the shirt on

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the receipt to accurately account for shirt sales along with the date of purchase and amount paid. This will help the union account for all shirt sales and prevent missing receipts or receipts issued out of sequence.

2. Signing Blank Checks

During the audit, you advised that President Ambrose signs blank checks. Your union's bylaws require that all checks be signed by the president, financial secretary, and treasurer. The three 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 2958 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 2958 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,

[REDACTED]  
Investigator

cc: Mr. Rex Ambrose, President