

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
San Francisco District Office
90 7th Street, Suite 18-100
San Francisco, CA 94103
(415)625-2661 Fax: (415)625-2662



August 26, 2009

Mr. Ted Wickers, Financial Secretary
Steelworkers AFL-CIO
Local 326
P.O. Box 278
Rodeo, CA 94572

Re: Case Number: [REDACTED]

Dear Mr. Wickers:

This office has recently completed an audit of Steelworkers Local 326 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 August 21, 2009, 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 326's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 326 did not retain adequate documentation for credit card expenses incurred by Ted Wickers on behalf of himself and others. For example, invoices for lodging and receipts for airline tickets were not included with credit card statements

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 326 did not require officers and members to submit itemized receipts for meal expenses totaling at least \$45.00. The union must maintain itemized receipts provided by restaurants to officers and members. 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.

Local 326 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a meal stub contained only the amount of the meal. 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 members incurred meal expenses.

Based on your assurance that Local 326 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 326 for fiscal year ending December 31, 2008 was deficient in the following areas:

1. Savings Accounts Reported As Investments

Local 326 improperly included the union's savings accounts as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers these savings accounts to be cash.

2. 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 or new constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 326 amended its bylaws, but did not file a copy with its LM report for that year. Local 326 has now filed a copy of its bylaws.

I am not requiring that Local 326 file an amended LM report for 2008 to correct the deficient items, but Local 326 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Signing Blank Checks

During the audit, you advised that the local president signed blank checks during the audit year. Your union's bylaws require that all checks be signed by the president and 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. 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 326 review these procedures to improve internal control of union funds.

Mr. Ted Wickers
August 26, 2009
Page 4 of 4

I want to extend my personal appreciation to Steelworkers Local 326 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: President Michael Miller