

U.S. Department of Labor

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January 30, 2009

Mr. Jeffrey Coggins, Financial Secretary
Steelworkers, AFL-CIO
LU 5133
1221 E. Ridge Road
Gary, IN 46409

LM File Number 542-760
Case Number: [REDACTED]

Dear Mr. Coggins:

This office has recently completed an audit of Steelworkers LU 5133 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, President Jason Hughes, and Treasurer Don Taylor on January 28, 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 LU 5133's 2007 records revealed the following recordkeeping violations:

1. Vouchers for Per Diem and Mileage Expenses

Vouchers for per diem and mileage expenses did not consistently verify and explain the disbursement of funds. If using vouchers for per diem expenses, the voucher must show the number of days claimed, the specific dates, amounts per day, and business purpose for claiming the expense. For mileage, the union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

2. Back-up Documentation for Expenses

LU 5133 wrote at least one check for hotel and parking expenses without maintaining the proper back-up documentation to adequately explain those expenses.

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

3. Lost Wages

LU 5133 did not retain adequate documentation for all lost wage reimbursement payments to union officers. 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 lost time vouchers did not consistently specify the rate of pay and the total amount claimed for lost wages.

During the exit interview, we discussed how vouchers might be revised so that all future lost time claims are adequately documented and explained.

Based on your assurance that LU 5133 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time on the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. As you told me in the opening interview on December 2, 2009, LU 5133 developed a one-page outline of changes based on the Steelworkers international constitution, but has yet to finalize by-laws specifically for the local.

As agreed in the exit interview, LU 5133 will formulate a committee to develop the by-laws and submit a final copy to OLMS along with its next LM-3 Report due March 31, 2009.

Other Issues

Reimbursement of Funds by Former President Patrick Costello

The audit revealed that Mr. Costello and one other local officer inadvertently received duplicate payments for attending union sanctioned conferences, receiving monies from both the local and their employer, U.S. Steel. Once the union became aware of the over payments, both officers were asked to return the extra monies. Although the other affected officer has made complete repayment to LU 5133, at the start of the OLMS audit, Mr. Costello had not done so.

As you are aware, on January 9, 2009, Mr. Costello signed a statement with OLMS and an agreement with LU 5133 to repay the local \$1,255.00 for conferences he attended in July 2004 and October 2005. Costello attended the conferences held in Pittsburgh, PA in his capacity as local president.

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The agreement states that Mr. Costello will make monthly payments to LU 5133 in the amount of \$105.00 and pay the balance off in full prior to the end of 2009. As discussed at the exit interview, please ensure that Mr. Costello is fulfilling his commitment to repay the funds, in the best interest of the union and its members. Please advise OLMS when Mr. Costello fulfills his commitment to reimburse LU 5133.

I want to extend my personal appreciation to Steelworkers LU 5133 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 Jason Hughes
Treasurer Don Taylor