



April 22, 2011

Mr. Larry Morrison, President
Steelworkers AFL-CIO Local 297
14314 Lake Wildwood Drive
Cottondale, AL 35453

Case Number: [REDACTED]
LM Number: 039807

Dear Mr. Morrison:

This office has recently completed an audit of Steelworkers AFL-CIO Local 297 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 Treasurer Debra Hughen on April 20, 2011, 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 297's 2010 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit President Larry Morrison advised OLMS that the Executive Board authorized a purchase of a portable storage building at a cost not to exceed \$1,600.00 in April 2010. Article 9, Section 3 of the Local bylaws dated December 2008 requires that the general membership approve purchases greater than \$200.00. However, the minutes of the meetings do not contain any reference to this issue. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Fixed Assets

Local 297 did not have a fixed asset list or inventory sheet that could be located for the audit year or any previous year. The union had fixed assets, including, but not limited to: copiers, printers, a laptop computer, and a portable storage building. The proper maintenance of union records is the responsibility of the president and treasurer (or corresponding principal officers) of your union who are required to sign your union's LM report.

Based on your assurance that Local 297 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 violations 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 297 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Fixed Assets Value not Reported

Lines 29 A and B of Form LM-3 were annotated with \$0.00 when in fact the union owned a laptop computer, copiers, printers, and a portable storage building. The instructions for Item 29 state the book value at the start and end of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by the organization should be entered.

2. Failure to File By Laws

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. Local 297 amended its By Laws in 2008 but did not file a copy with its LM report for that year or any year since. Local 297 has now filed

a copy of its constitution and bylaws.

I am not requiring that Local 297 file an amended LM report for 2010 to correct the deficient items, but Local 297 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers AFL-CIO Local 297 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 black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Ms. Debra Hughen, Treasurer