



November 23, 2011

Mr. Guy Mort, Treasurer
United Steelworkers, AFL-CIO
Local Union 277
1444 100th Street
Niagara Falls, NY 14304-2789

Case Number: [REDACTED]
LM Number: 037-939

Dear Mr. Mort:

This office has recently completed an audit of Steelworkers Local 277 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 Financial Secretary James Dotts, President Joe White and you on November 17, 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 277's 2010 records revealed the following recordkeeping violations:

1. General Disbursements and Expenses

Local 277 did not retain adequate documentation for payments made to several individuals and vendors totaling at least \$1,186. For example, there was no approval or supporting documentation for payments made to the American Diabetes Association totaling \$175. Additionally, there was no receipt for a reimbursement to Treasurer Guy Mort totaling \$511 for the purchase of QuickBooks Payroll software.

As 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.

2. Meal Expenses

Local 277 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$184. For example, there was no itemized receipt for \$60 reimbursed to former President [REDACTED]. 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.

Local 277 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. Furthermore, there was at least one occasion where no receipts were maintained. For example, International Rep Jim Briggs received \$50 for meals during negotiations where no receipts were retained by the union. 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.

3. Lost Wages

Local 277 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees on several occasions. 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 Local 277 did not always identify the specific union business conducted and the rate of pay for the individual claiming lost wages.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Information not Recorded in Meeting Minutes

During the audit, OLMS was advised that the membership authorizes the bills and the financial reports listing the bills at each of the monthly meetings held. Furthermore, you advised that many times checks are written at the meetings during the approval process for lost wages and other bills. It was found that in some cases, the minutes of the meeting did not contain any reference to certain bills or approvals of donations as specified in the opening interview with you.

Minutes of all membership or executive board meetings should be retained and be sufficiently descriptive. It was found that the meeting minutes were vague and often times incomplete in thought. Furthermore, minutes must report any disbursement authorizations made at those meetings. It is the union's responsibility to maintain these minutes in accordance with the recordkeeping requirement of Title II of the LMRDA.

Based on your assurance that Local 277 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 277 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Voided Checks

Local 277 reported incorrectly a check that was voided during the period in Item 43 (Other Receipts). Voided checks are not considered receipts since funds were not actually received by the local union. The purpose of Statement B (Receipts and Disbursements) is to report the flow of cash in and out of the labor organization during the reporting period. Therefore, transactions such as voided checks and transfers should not be reported as receipts and disbursements since no money was actually received or disbursed.

2. Disbursements for Professional Fees

Local 277 incorrectly reported \$1,040 in Item 49 (Professional Fees). The local erroneously reported payments to the Hartford Insurance Group and State Farm for insurance in Item 49, when in fact these payments are not considered payments for professional fees. Payments for insurance should be listed elsewhere on the report in Item 48 (Office and Administrative Expenses).

I am not requiring that Local 277 file an amended LM report for 2010 to correct the deficient items, but Local 277 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 Local 277 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 solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Joe White, President
Mr. James Dotts, Financial Secretary
Mr. Tom Vogt, Recording Secretary