



September 28, 2011

Mr. Clinton Cullen, President
Steelworkers AFL-CIO
Local 3768
[REDACTED]
Irondale, AL 35210

Case Number: [REDACTED]
LM Number: 027-867

Dear Mr. Cullen:

This office has recently completed an audit of Steelworkers AFL-CIO Local 3768 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 Sandra O'Hara on September 15, 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 3768's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 3768 did not retain adequate documentation for reimbursed expenses incurred by you and former Financial Secretary Lawrence Collins totaling at least \$1,303.24. For example,

you were reimbursed hotel, per diem, and mileage totaling \$1,108.24 and Mr. Collins was reimbursed \$200 for a computer software program, but receipts were not maintained.

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. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$666.70 during 2010. 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.

3. Lost Wages

Local 3768 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,472.72. 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 3678 did not identify the lost wage date and/or the union purpose.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 3768 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses. Additionally, your local's current lost wage voucher also identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Lack of Salary Authorization

Local 3768 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

5. General Expenses

Local 3768 did not retain adequate documentation for expenses paid. For example, the local did not maintain copies of IRS Forms W-2 to verify the information reported in Item

24 (All Officer and Disbursements to Officers) of the LM-3 report. The local disbursed arbitration fees totaling \$3,630.85 without maintaining the bill.

As previously noted, 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.

6. Lack of Authorization

Local 3768 gave away at least \$150 in prizes during the audit year, but did not maintain records to verify that the giveaways were authorized. The union must keep a record, such as meeting minutes, to show the prizes were authorized by the entity or individual in the union with the authority to establish such disbursements.

Based on your assurance that Local 3768 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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. Local 3768 was delinquent in filing its Labor Organization Annual Report (Form LM-3) for fiscal year ended December 31, 2010. During the audit, Ms. O'Hara stated that the report was filed on September 7, 2011 with our national office in Washington D.C. However, national office has no record of the report.

The LM-3 instructions require your organization to file Form LM-3 within 90 days after the end of your organization's fiscal year. The law does not authorize the U. S. Department of Labor to grant an extension of time for filing reports for any reason. Therefore, your report is long overdue.

Local 9025 must file Form LM-3 for the fiscal year ended December 31, 2010. Forms and instructions are available on the OLMS website (www.olms.dol.gov). The Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 10, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Steelworkers AFL-CIO Local 3768 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you

Mr. Clinton Cullen

October 26, 2011

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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: Ms. Sandra O'Hara, Treasurer