



January 24, 2013

Mr. Gary Waterhouse, Financial Secretary  
Steelworkers Local 4447  
205 Main Street  
Tonawanda, NY 14150

Case Number: [REDACTED]  
LM Number: 040-511

Dear Mr. Waterhouse:

This office has recently completed an audit of Steelworkers Local 4447 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 January 22, 2013, 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 4447's 2012 records revealed the following recordkeeping violations:

1. General Disbursements

Local 4447 did not retain adequate documentation for disbursements made throughout the period totaling at least \$900. For example, no documentation was retained for payments made the Western New York Area Labor Federation for dues and little detail was provided on handwritten receipts from the Dome Stadium for meeting expenses.

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 4447 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$314. 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 4447 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, no names of persons or the union business conducted were recorded for a meal at Boulevard Bar & Grill for \$95.26. 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. Receipt Records not Retained

Entries in Local 4447's cash books record the amount of money direct deposited and the month of the deposit, however no additional records are retained for dues receipts.

The union advised during the audit that employer remittance reports are reviewed and discarded as a union record after the deposit is made. Employer remittance reports showing the dues deducted and the amounts sent to the International are records that are required to be maintained by the union. Additionally, union receipts records must show the date of receipt which is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3.

Based on your assurance that Local 4447 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

### Lost Time & Expense Policy

As I discussed during the exit interview, the audit revealed that Local 4447 does not have a clear policy regarding lost wages allowed to be claimed by union officers and employees. You advised that a policy was agreed upon years ago to allow for the financial secretary to receive a day per quarter and two days at the end of the year in compensation for work performed, even though no actual loss in wages necessarily occurred. You agreed to discuss the union's lost time policy at the next membership meeting and provide OLMS a copy of those minutes.

The union must keep a record showing authorization for such policies, including possible meeting minutes, to show the current authorization of union officers and employees to receive reimbursement for lost wages or other compensation from the union. These policies should be made and authorized by the entity or individual in the union with the authority to establish such policies. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Steelworkers Local 4447 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: Mr. Richard Serrano, Treasurer  
Mr. Peter Reinhardt, President