



January 11, 2013

Mr. James Morrow, President
Steelworkers AFL-CIO, Local 90



Case Number: [REDACTED]
LM Number: 005-337

Dear Mr. Morrow:

This office has recently completed an audit of Steelworkers AFL-CIO, Local 90, 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, Financial Secretary Travis McGill, and District 9 Staff Representative James Hendricks on January 9, 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 90's 2011 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 90 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$92.02. 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.

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.

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 \$60.62 during 2011. 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. Disposition of Property

Local 90 did not maintain an inventory of shirts it purchased and gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

4. Visa Rebate Card Expenses

Local 90 did not retain adequate documentation for expenses a union official incurred on its visa rebate card totaling at least \$99.92. For example, a union official used the rebate to purchase office supplies and other items, but did not maintain the purchase receipts.

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.

Based on your assurance that Local 90 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 LM-3 filed by Local 90 for the fiscal years ended December 31, 2009 and December 31, 2011, were deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets and watches totaling more than \$1,677.65 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Failure to File Bylaws

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 90 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year. Local 90 has now filed a copy of its constitution and bylaws.

3. Changes in Constitution and Bylaws

Item 21 (During the reporting period did the labor organization have any changes in its constitution and bylaws) of the LM-3 report for fiscal year ending December 31, 2009 should have been answered "Yes" because Local 90 amended its bylaws in 2009 to change provisions relating to compensation for services. The LM-3 instructions require Item 21 to be answered "Yes" if your organization's constitution and bylaws were changed during the reporting period (other than rates of dues and fees).

I am not requiring that Local 90 file amended LM reports for 2009 and 2011 to correct the deficient items, but Local 90 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Membership Approval

During the audit year, a union official received reimbursements totaling at least \$153.64 without membership approval. The reimbursements include \$61.62 for fuel and \$92.02 for

meals. According to Article 5, Section 5(c) of Local 90's bylaws, all money paid out by the union from its treasury must be approved by the members at a local union meeting. Additionally, under no circumstances shall officers or members pay bills without authorization by the membership at a local union meeting.

Other Issue

Salaries paid to Officers

In the September, October and November 2008 meeting minutes, the membership approved to change the salary levels paid to officers, which went into effect on May 1, 2009. The membership also approved to include the change in its bylaws. However, the bylaws still reflect the old salary levels. OLMS recommends that Local 90 revises its bylaws to show the correct compensation amounts.

I want to extend my personal appreciation to Steelworkers Local 90 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Travis McGill, Financial Secretary