



March 29, 2013

Mr. Leslie Ford, Jr  
Steelworkers AFL-CIO, Local 9-00501  
146 Kimberly Lane  
Huntsville, AL 35810

Case Number: 430-10512( )  
LM Number: 519441

Dear Mr. Ford:

This office has recently completed an audit of Steelworkers AFL-CIO, Local 9-00501 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 March 12, 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 501's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 501 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers totaling at least \$216.72. For example, no receipts were retained for reimbursements made to officers on February 04, 2011 and March 20, 2011 for the purchase of gas and food while conducting union business.

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. Lost Wages

Local 501 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$668.25. 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 501 did notate on the bank statement by the check of check card transaction, the hours lost, rate of pay, and type of union business, but did not list the date of the payment.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 501 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.

3. Failure to Record Receipts

Local 501 did not record in its receipts records some employer dues checkoff checks totaling at least \$255.15. For example, none of the dues checkoff checks deposited on February 08, 2011 were listed individually in the check register. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Receipt Dates not Recorded

Entries in Local 501's check register did not always reflect the date the union deposited money, or the date the money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received resulted in Local 501 reporting some receipts for 2010 in 2011 instead of the actual year they received them.

5. Information not Recorded in Meeting Minutes

During the audit, Mr. Ford advised OLMS that the membership denies or approves the cost for officers to travel. USW By-Laws for Local Unions, dated July 2006, Article V, Section 5 (c) requires that all money paid out by the Local Union from its treasury must be

approved by the members at a Local Union meeting. However, the minutes of the meetings did not contain any reference to disbursements for expenses, travel or lost time. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

6. Lack of Salary Authorization

Local 501 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 501's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Other Issue

Personal use of Credit/Debit Cards

The audit revealed that Local 501 permitted an officer to use the union credit/debit card to pay for a personal expense totaling \$476.05. Although the officer promptly repaid Local 501 for the personal expense charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit/debit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Steelworkers AFL-CIO, Local 9-00501 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