



August 15, 2016

Mr. Craig Kirchoff, Treasurer
Steelworkers Local 285
3002 Hempland Road
Suite D
Lancaster, PA 17601

Case Number: 140-6007158
LM Number: 009888

Dear Mr. Kirchoff:

This office has recently completed an audit of Steelworkers Local 285 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 Office Manager Dennis Keller on August 8, 2016, 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 285's 2015 records revealed the following recordkeeping violations:

1. Lost Time

Local 285 retained adequate documentation for lost time reimbursement payments to union officers and employees; however, the OLMS audit found that dates of lost time, hours of lost time, and hourly rates for lost time reimbursement payments were not verified with the employer. On multiple occasions, officers and employees were reimbursed at an incorrect hourly rate and were paid for more time than was lost. Also, on at least five occasions, officers and employees received lost time reimbursement for dates the employer did not have payroll records that indicated the officer or union employee was off work on union business on that date.

During the exit interview, a discussion took place about how to ensure that officers and employees are paid the correct hourly rate, the correct number of hours, and are only paid for hours lost due to union business.

OLMS recommends that unions adopt a written policy for lost time reimbursement. During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contains guidelines Local 285 may use to help develop a lost time policy.

2. Disposition of Property

Local 285 did not maintain an inventory of t-shirts it purchased, sold, or 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.

The union must record in at least one record the date and amount received from each sale of union t-shirts.

Based on your assurance that Local 285 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-2 / LM-3) filed by Local 285 for the fiscal year ended December 31, 2015, was 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 prizes, including a flat screen television, at the annual union outing. 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."

2. Disbursements to Officers

Local 285 did not report any amounts for any officers in Item 24, Column E (All Officers and Disbursements to Officers, Allowances and Other Disbursements). It appears the union erroneously reported these payments in Item 48 Office and Administrative Expense and/or Item 54 Other Disbursements.

The union must report most direct disbursements to Local 285 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

3. 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 285 amended its constitution and bylaws within the last five years, but did not file a copy with its LM report.

Local 285 must file an amended Form LM-3 for the fiscal year ended December 31, 2015 to correct the deficient items discussed above. Local 285 must also submit a copy of its most recent constitution and bylaws with the amended LM-3 report. I encourage Local 285 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 and constitution and bylaws should be filed electronically no later than September 9, 2016 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Issues

1. Personal use of Credit Cards

The audit revealed that Local 285 permitted an employee to use the union's Staples credit card to pay for minimal personal expenses. Although the employee promptly repaid Local 285 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

2. Duplicate Receipts

Members of Local 285 purchased union t-shirts and annual outing tickets from the union. The receipts for these purchases were recorded in the union's receipts journal, but duplicate receipts were not issued to the members who purchased t-shirts and tickets. OLMS recommends that Local 285 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Steelworkers Local 285 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. George Schanz, President
Mr. Dennis Keller, Office Manager