



December 2, 2016

Ms. Kelly Kolb, Financial Secretary
Steelworkers Local 1035
116 Millersville Road
Lancaster, PA 17603

Case Number: 140-6009028
LM Number: 028255

Dear Mrs. Kolb:

This office has recently completed an audit of Steelworkers Local 1035 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 November 18, 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 1035's 2015 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

Union officers and employees who received reimbursed mileage expenses for the use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$600 during 2015. 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.

2. Lost Wages

Local 1035 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees for at least 9 lost time payments. 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 1035, retained lost time vouchers for all reviewed lost time claims; however, the officer or employee did not always write all of the required information on the voucher.

The OLMS website (www.dol.gov/olms) contains several compliance tip sheets, including *Union Lost Time Payments*. The lost time tip sheet contains a sample expense voucher Local 1035 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.

Based on your assurance that Local 1035 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Current Bylaws Not Approved By Steelworkers International Union

The Steelworkers International Constitution requires International approval of local bylaws. The local's most recent bylaws were approved by the Steelworkers International Union in 1990. The audit revealed that, over the years, several amendments were handwritten on the bylaws; however, these amendments were never approved by the Steelworkers International Union. Local 1035 agreed to update its bylaws and submit them for approval by the Steelworkers International Union. After approval is obtained, the local will file a copy of the bylaws with OLMS.

2. Lack of Authorization and/or Approval for Disbursements Prior to the Disbursement Being Made

During the opening interview, you advised that membership approved all disbursements; however, the disbursements were approved after they had already been made. OLMS does not recommend approving disbursements after they are made, as membership may not approve the disbursement. During the closing interview, it was recommended that the

local's officers read compliance tip sheets, *Authorization and Documentation of Expenditures* and *Internal Financial Controls*, which are located on the OLMS website.

I want to extend my personal appreciation to Steelworkers Local 1035 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,

[REDACTED]
Investigator

cc: [REDACTED], President
[REDACTED], Treasurer