



November 8, 2016

Ms. Connie Hite, President
United Steelworkers Local 6805-S
P.O Box 1807
Warsaw, IN 46581-1807

Case Number: 310-6007518 [REDACTED]
LM Number: 062700

Dear Ms. Hite:

This office has recently completed an audit of United Steelworkers Local 6805-S 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 Financial Secretary [REDACTED] on August 26, 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 6805-S's 2015 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

Local 6805-S lacked its own bylaws and relied on the pattern bylaws of the United Steelworkers as provided for in International Constitution and Bylaws.

The United Steelworkers Bylaws for Local Unions, Article V, Section 3: Duties of the Recording Secretary requires that the recording secretary “record the proceedings of the Local union in a book kept for that purpose, read all papers and perform such other duties as are required by the international constitution, these bylaws, the various manuals and polices of the international union.”

The United Steelworkers Bylaws for Local Unions, Article V, Section 5, paragraph (c): Duties of the Treasurer requires that “All money paid out by the Local Union from its treasury must be approved by the members at a local union meeting. Under no circumstances shall officers or members pay bills without the authorization by a Local Union meeting.

The United Steelworkers Bylaws for Local Unions, Article V, Section 5, paragraph (d): allows for recurring bills to be paid by a single authorization of the membership. OLMS found no such authorization in the meeting minutes.

Local 6805-S maintained no minutes for meetings held in January, June, July and August of 2015. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Local 6805-S 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.

Based on your assurance that Local 6805-S 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-3) filed by Local 6805-S for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 6805-S did not include some reimbursements to officers totaling at least \$6,000 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 6805-S 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).

Local 6805 must file an amended Form LM-3 for the fiscal year ended December 31, 2015, to correct the deficient items discussed above. I encourage Local 6805 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.dol.gov/olms. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically or submitted to this office at the above address no later than December 15, 2016. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to United Steelworkers Local 6805-S 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