



January 13, 2017

Mr. Larry Gwinner, Financial Secretary
United Steelworkers Local 1-363
113 E. Algonquin Trail
Sandusky, OH 44870-6102

Case Number: 350-6009184
LM Number: 066449

Dear Mr. Gwinner:

This office has recently completed an audit of United Steelworkers Local 1-363 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 December 21, 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 1-363 2015 records revealed the following recordkeeping violations:

1. General Reimbursed

Local 1-363 did not retain adequate documentation for reimbursed expenses incurred by President James Kimberlin totaling at least \$1,006. For example, Kimberlin purchased a laptop, Quickbooks and ink for the union. However, the only documentation was a

history transaction from his personal bank account with the total amount deducted and the vendor.

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 1-363 did not retain adequate documentation for lost wage reimbursement payments to executive board totaling at least \$21,300 in net payments for the fiscal year ending December 31, 2015. 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 1-363 was documenting lost time on the check stub. However, the check stub only indicated the total lost time amounts. The check stub did not indicate the dates, the union business conducted, and hours.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1-363 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 1-363 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 1-363 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. 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 1-363 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 1-363 has now filed a copy of its constitution and bylaws.

2. Disbursements to Officers

An examination of entries recorded on the LM-3 Report for fiscal year ending December 31, 2015 was performed. It was noted that approximately \$13,000 indicated on Line Item 48, *Office and Administrative Expenses*, was for taxes. This amount should be recorded on Line Item 54, Other Disbursements. In addition, the union purchased a laptop computer for approximately \$1,100 which was also recorded on Line Item 48. This amount should be recorded on Line Item 52, *Purchase of Investments and Fixed Assets*. Please refer to the enclosed instructions for Form LM-3 Labor Organization Annual Report for clarification on these entries.

I am not requiring that Local 1-363 file an amended LM report for 2015 to correct the deficient items, but Local 1-363 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Union Designation Number

During the OIQ, Financial Secretary Gwinner stated the union changed districts and the local number changed from 1-363 to 5-363. The union should record the change on the LM-3 report for fiscal year ending December 31, 2016 and provide a note in Line Item 54, Additional Information of the report indicating the designation number.

2. Lost Time Policy

Local 1-363 Bylaws dated May 21, 2007 indicated for lost time/lost wages a union member, elected or appointee who is required to attend authorized official union business for one day that was unscheduled for work will be paid straight time at a maximum of eight hours. However, you stated hours of work must be lost in order to receive paid lost time. Your reported policy and the policy outlined in your bylaws are inconsistent. We recommend that Local 1-363 seek clarification from the International on the lost time policy.

I want to extend my personal appreciation to United Steelworkers Local 1-363 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. James Kimberlin, President