



July 24, 2017

Mr. Ronald Selner, President
Steelworkers Local 2-327

Case Number: 320-6010298
LM Number: 043047

Dear Mr. Selner:

This office has recently completed an audit of Steelworkers Local 2-327 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-Treasurer Allen Kiley on July 21, 2017, 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 2-327's 2016 records revealed the following recordkeeping violations:

1. Disbursements to Vendors

Local 2-327 did not retain adequate supporting documentation for a \$1,280 check issued to [REDACTED] on January 14, 2016 for accounting fees related to Local 2-327's 2015 quarterly audits. In support of this expense, Local 2-327 only retained a voucher and a check stub, which is not sufficient.

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 2-327 did not retain adequate documentation for lost wage reimbursement payments to Vice President Randie Back and former Recording Secretary [REDACTED] during the year. 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 audit found that the union retained vouchers for lost wage reimbursements, but in some instances the vouchers were not sufficient because [REDACTED] and [REDACTED] and did not always adequately describe the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 2-327 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. Disposition of Property

The audit revealed that Local 2-327 did not maintain an inventory of Mills Fleet Farm gift cards it purchased or gave away during 2016. While Local 2-327 retained records that identify persons who received the gift cards, it did not maintain records that identified the gift cards (and their value) that were on hand at the beginning and end of the year. Records must be retained which account for all union property. In the case of gift cards or other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 2-327 in Statements A and B of the Labor Organization Annual Report (Form LM-3). The value of any gift cards or similar property on hand at the beginning and end of the year should be reported in Item 30 (Other Assets). In addition, the type and value of any property received or given away must be identified in the additional information section of the Form LM-3 report with the identity of the recipient(s) or donor of such property.

4. Receipt Dates not Recorded

Local 2-327's receipts records reflect the date the union deposited money, but not the date money was received for receipts received from a Georgia Pacific Green Bay reimbursement check, two Encardia Staffing Solutions dues checkoff checks, and six initiation fee checks totaling at least \$6,298. 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 could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 2-327 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 2-327 for fiscal year ended December 31, 2016 was deficient in that:

Acquire/Dispose of Property

Item 13 (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 gift cards totaling at least \$675 during the year. 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." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 2-327 file an amended LM report for 2016 to correct the deficient items, but Local 2-327 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 2-327 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. Allen Kiley, Financial Secretary-Treasurer