



June 22, 2017

Mr. Douglas Foster, Treasurer
Steelworkers Local 10-4907-S
100 Maynard Street
Williamsport, PA 17701

Case Number: 140-6009551 [REDACTED]
LM Number: 011526

Dear Mr. Foster:

This office has recently completed an audit of Steelworkers Local 10-4907-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 President Randy Beightol on June 13, 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 10-4907-S's 2015 records revealed the following recordkeeping violations:

1. Lack of Backup Documentation for Disbursements

Local 10-4907-S did not retain adequate documentation for disbursements totaling at least \$1,900. For example, the local wrote check [REDACTED] to Consolidated Graphic

Communications on March 30, 2016 for \$1,287.37. No backup documentation, such as an invoice or receipt, was retained by the local.

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. General Reimbursed Expenses

Local 10-4907-S did not retain adequate documentation for reimbursed expenses incurred by union officers and employees on at least ten occasions. The local retained expense vouchers for all reimbursed expenses; however, on multiple occasions, the local did not include the daily per diem rate and mileage rate on expense vouchers. Also, the local did not always include the travel dates and union purpose of the travel.

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.

3. Lost Time

During the audit, you and President Beightol stated that, in order for the union to pay lost time, the officer or member must actually lose hours/wages from work to conduct union business. Officers and members may not claim lost time if they were paid by their employer for the same hours claimed on the lost time voucher. Also, officers and members are not permitted to claim lost time for days and hours they were not scheduled to work, such as evenings and weekends.

Lost time vouchers were compared to employer payroll records. The comparison revealed that officers and members claimed lost time hours that were also paid by the employer. On at least ten occasions, the local paid lost time hours that should not have been paid, because the officer and/or member did not lose hours/wages from the employer. Local 10-4907-S must devise a plan to verify with the employer that the hours claimed on lost time vouchers are actually hours lost from work by officers and members.

4. Disposition of Property

Local 10-4907-S did not maintain an inventory of prizes it purchased and 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 retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Local 10-4907-S 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 10-4907-S for the fiscal year ended December 31, 2015, was deficient in that:

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 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 10-4907-S file an amended LM report for 2016 to correct the deficient items, but Local 10-4907-S has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you and Mr. Beightol, the audit revealed that Local 10-4907-S does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters. OLMS compliance tip sheet, *Reimbursed Travel Expense Payments*, which can be found on the OLMS website, may be used to assist the local in writing an expense policy.

2. Lost Time Policy

The audit revealed that Local 10-4907-S does not have a clear lost time policy. OLMS recommends that unions adopt written guidelines concerning such matters. OLMS compliance tip sheet, *Union Lost Time Payments*, which can be found on the OLMS website, may be used to assist the local in writing a lost time policy.

I want to extend my personal appreciation to Steelworkers Local 10-4907-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

cc: Mr. Randy Beightol, President