



March 1, 2018

Mr. John Eney, Financial Secretary
Steelworkers Local 36-M
120 Fisherman's Lane
Wrightsville, PA 17368

Case Number: 140-6012091 [REDACTED]
LM Number: 008-366

Dear Mr. Eney:

This office has recently completed an audit of Steelworkers Local 36-M 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, President Brendan Bohan, and Vice President John Hockley on February 27, 2018, 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 36-M's 2017 records revealed the following recordkeeping violations:

1. Lack of Adequate Backup Documentation for Disbursements and Reimbursed Expenses

Local 36-M did not retain adequate documentation for disbursements totaling at least \$565. For example, the local paid \$360 in per capita tax to the Central PA Area Labor Federation

on February 5, 2017. The local did not retain backup documentation, such as a copy of the bill or receipt confirming payment, for this disbursement.

Also, Local 36-M did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$518. For example, President Brendan Bohan attended the Steelworkers Leadership Training and Organizing Conference and received \$455 in per diem from the local for the trip. An expense voucher was not completed or retained for this trip.

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. Please review compliance tip sheets, *Authorization and Documentation of Expenditures* and *Reimbursed Travel Expense Payments*, which can be found on the OLMS website (www.dol.gov/olms).

2. Meal Expenses

Local 36-M did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1179. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

3. Lost Wages

Local 36-M did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$3,900. 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 lost time vouchers were not retained for any lost time payment during the audit year.

Please review compliance tip sheet, *Union Lost Time Payments*, which can be found on the OLMS website. This tip sheet contains a sample of an expense voucher Local 36-M 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.

4. Lack of Salary Authorization

Local 36-M 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. Please review compliance tip sheet, *Authorization of Salary and Paid Leave for Union Officials*, which can be found on the OLMS website.

Based on your assurance that Local 36-M 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 36-M for the fiscal year ended October 31, 2017, was deficient in that:

Disbursements to Officers

Local 36-M did not include some reimbursements to officers totaling at least \$518 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses) or 54 (Other Disbursements).

The union must report most direct disbursements to Local 36-M 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). Please review compliance tip sheet, *Reporting Officers and Payments to Them on Form LM-3*, which can be found on the OLMS website.

I am not requiring that Local 36-M file an amended LM report for 2017 to correct the deficient items, but Local 36-M has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Dues Collection Policy for Out-of-Work Members

As I discussed during the exit interview with you, the audit revealed that it has been the past practice of Local 36-M to not collect dues from members who are out-of-work and do not receive a paycheck; however, the local had no written policy to verify this practice. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Debit Card Use Policy

The audit revealed that Local 36-M did not have a clear policy regarding the types of expenses that may be charged to the union debit card and who may use the union debit card. OLMS recommends that unions adopt written guidelines concerning such matters. Please review compliance tip sheet, *Union Credit Card Policy*, which can be found on the OLMS website. Although this is a tip sheet pertains to credit cards, it is good resource that may be used to help the local draft a debit card policy.

3. Lost Time Policy

The audit revealed that Local 36-M did 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 36-M 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. Brendan Bohan, President