



April 25, 2019

Mr. Denny Cregut, Financial Secretary
Steelworkers Local 14693
210 West Pike Street
Canonsburg, PA 15317-1177

Case Number: 140-6015172
LM Number: 029062

Dear Mr. Cregut:

This office has recently completed an audit of Steelworkers Local 14693 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 Robert Alderson and Treasurer Mark Mace on April 23, 2019, 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 14693's 2017 records revealed the following recordkeeping violation:

1. Credit Card Expenses

Local 14693 did not retain adequate documentation for credit card expenses incurred by union officers totaling at least \$1,054.67. For example, \$186.17 was incurred at Countryside Deli on September 29, 2017, however, no receipt was kept in support of this expense.

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. Lack of Salary Authorization

Local 14693 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) of the LM-2 was the authorized amount and therefore was correctly reported. During the audit, you advised that officer salaries are based off their former employer salary, however, there is no documentation to support this as approved. 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 14693 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-2 filed by Local 14693 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 (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 Idlewild tickets, shirts, and gift cards totaling at least \$3,279 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."

2. Disbursements to Officers

During the audit, you advised that Treasurer Mark Mace is a full-time officer because of his employment with PA Heavy and Highway (PAHH). Also, you explained that PAHH reimburses the union for Mace's full salary and expenses he incurs while conducting work for PAHH, but not expenses incurred for union work.

Local 14693 erroneously included Mace's salary in Column D of Schedule 11 (Gross Salary Disbursements) and PAHH reimbursable expenses in Column F (Disbursements for Official Business). These payments should have been included in Column G of Schedule 11 (Other Disbursements) since the payments were not necessary for conducting official business of the labor organization, rather, the payments are for the official business of PAHH.

3. Failure to Itemize Receipt

Local 14693 did not properly report a "major" transaction in Schedule 14. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit revealed that Local 14693 erroneously categorized a \$15,680.49 deposit from PAHH on May 30, 2017 as "fees and dues" rather than Mace's reimbursed salary and expenses; therefore, it appears it was included in Item 36 (Dues and Agency Fees) when it should have been included in Item 48 (Other Receipts) and Schedule 14 with the other seven receipts that the local itemized.

Local 14693 must file an amended Form LM-2 for the fiscal year ended December 31, 2018, to correct the applicable deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than May 23, 2019. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Lack of Credit Card Policy

The audit revealed during the audit period, Local 14693 did not have a clear policy regarding the types of expenses officers may charge to the union credit card. OLMS recommends that unions adopt written policies and procedures concerning such matters and does not recommend policies that allow personal purchases with union credit cards because this may lead to misuse of funds.

2. Lack of Vacation Policy

The audit revealed during the audit period, Local 14693 did not have a clear vacation policy regarding what type of paid leave is available to which union officials and how much paid leave is available to union officials. OLMS recommends that unions adopt written policies and procedures concerning such matters to ensure that paid leave is not abused.

I want to extend my personal appreciation to Steelworkers Local 14693 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this

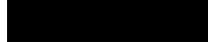
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letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A solid black rectangular box used to redact the signature of the investigator.

Investigator