

**U.S. Department of Labor**

Office of Labor-Management Standards  
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December 11, 2019

Mr. Arnold B. Burton, Jr., President  
Steelworkers, AFL-CIO, Local 09 12136 S  
3069 Warrior Jasper Rd  
Warrior, AL 35180

Case Number: 410-6017329 [REDACTED]  
LM Number: 035666

Dear Mr. Burton:

This office has recently completed an audit of Steelworkers, AFL-CIO, Local 09 12136 S (Local 12136) 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, Financial Secretary Mike Witte, and Recording Secretary Josh Holt on December 5, 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 12136's 2018 records revealed the following recordkeeping violations:

1. General Expenses

Local 12136 did not retain adequate documentation for general expenses incurred by the union totaling at least \$200. For example, a payment for custodial services to [REDACTED] on December 17, 2018, check number [REDACTED] in the amount of \$200 did not have a bill or invoice.

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 12136 did not retain adequate documentation for lost wage reimbursement payments to union officers, union officers and employees totaling at least \$3,376.86. 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 12136 maintained lost vouchers; however, the vouchers did not have an adequate, detailed explanation of the type of union business conducted and instead listed only "union business."

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 12136 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. Asset Reconciliation

Local 12136 did not maintain an inventory of present holdings of fixed and liquid assets the union owns or has purchased. The union must report the value of any union property on hand at the beginning and end of each year in Item 29 (Fixed 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 29.

Based on your assurance that Local 12136 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Signing Blank Checks

During the audit, President Burton advised that he signs blank checks. Your union's bylaws require that all checks be signed by the president and financial secretary. The two signature

requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 12136 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers, AFL-CIO, Local 09 12136 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,

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

Investigator

cc: Mr. Mike Witte, Financial Secretary