



December 17, 2018

Mr. Dale Maddox, Financial Secretary
Steelworkers AFL-CIO Local 462
[REDACTED]
Prattville, AL 36067

Case Number: 410-6012742 [REDACTED]
LM Number: 068823

Dear Mr. Maddox:

This office has recently completed an audit of Steelworkers AFL-CIO Local 462 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 Mike Smith, Financial Secretary Nick Ingram, and Trustee Jeff Myers on December 11, 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 462's 2017 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 462 did not record in its receipts records some employer dues checkoff checks and some checks received from banks for interest earned on certificates of deposit totaling at least \$2,468.12. For example, an automatic deposit from the International Union for a dues refund in the amount of \$2,468.12 deposited into the union's checking account on

September 14, 2017 was not entered in the union's checkbook ledger. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Lost Time

Local 462 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$2,796.70. 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 462 maintained lost time vouchers however; four of the vouchers did not identify the nature of the union business conducted, hours claimed, claimant signature, or date of the claim.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 462 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. Meal Expenses

Local 462 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$163.59. 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.

Local 462 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a meal purchase at Capitol Hill Golf Shop, Prattville, AL, on January 24, 2017 in the amount of \$163.59 did not have names of attendees or the nature of union business discussed. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 462 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 Reports (Form LM-3) filed by Local 462 for the fiscal years ended December 31, 2016 and December 31, 2017, were deficient in the following areas:

1. Cash Reconciliation (2016)

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 462's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 462 must file an amended Form LM-3 for the fiscal year ended December 31, 2016, to correct the 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-3 must be filed no later than December 31, 2018. Before filing, review the report thoroughly to be sure it is complete and accurate.

2. Disbursements to Officers (2017)

Local 462 did not include some reimbursements to officers totaling at least \$15,143.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 462 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).

Local 462 must file an amended Form LM-3 for the fiscal year ended December 31, 2017, to correct the 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-3 must be filed no later than December 31, 2018. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Steelworkers Local 462 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. Steve Williams, President