



July 23, 2019

Mr. Ken Hughes, President
Steelworkers, AFL-CIO, Local 2-176
[REDACTED]

Case Number: 320-6015007 [REDACTED]
LM Number: 009954

Dear Mr. Hughes:

This office has recently completed an audit of Steelworkers Local 2-176 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 Christine Williams, and Treasurer Ron LaRaia on June 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 2-176's 2018 records revealed the following recordkeeping violations:

1. Lost Wages

Local 2-176 did not retain adequate documentation for 24 lost wage reimbursement payments totaling at least \$1,419.74 during the audit period. The local's records identified the general purpose, number of hours lost, and the rate of pay for these lost time claims. However, these records are not sufficient as they did not indicate the specific dates that

these lost wages were incurred, only the month in which the loss was incurred. 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.

During the exit interview, you were informed that the union must maintain complete records in support of each lost wage claim and provided the OLMS compliance tip sheet, *Union Lost Time Payments*, that identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Lack of Salary Authorization

The local did not maintain records to verify the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts. During the audit, the officers advised that the local uses the United Steelworkers standard bylaws for local unions and provided a document that showed each officer's salary and the frequency of the payments. However, Local 2-176 has not officially added the local officers' salaries to their bylaws. Additionally, there are no union records to support the official authorization for the salary amounts. The union must keep a record, such as local union bylaws or meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

During the exit interview, you stated that the union will have the officers' salary authorization and amounts added to the local's bylaws.

Based on your assurance that Local 2-176 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

Single Signatory

The audit disclosed that 24 union checks issued during the audit year were signed solely by Ms. Williams. All of the checks are supported by vouchers and are dated from January to March 2018. You and Ms. Williams advised at the opening interview that the union's policy requires two signatures for checks issued from the union's checking account. You and Ms. Williams also stated that you were unavailable during the period in which Ms. Williams was the sole signatory and, therefore, Ms. Williams was the only officer available to sign these checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the accountability of a completed document already signed. However, allowing only one person to sign the check does not attest to the authenticity of a completed check and negates the purpose of the two signature requirement.

Mr. Ken Hughes

July 23, 2019

Page 3 of 3

At the exit interview, you, Ms. Williams, and Mr. Ron LaRaia affirmed that the union will be adding an additional signatory to the local's bank account in the near future, which will allow for all union checks to be signed by two authorized officers.

I want to extend my personal appreciation to Steelworkers Local 2-176 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 redacting the signature of the investigator.

Investigator

cc: Ms. Christine Williams, Financial Secretary
Mr. Ron LaRaia, Treasurer