

U.S. Department of Labor

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September 2, 2009

Mr. Gordon K Griffin, III, Financial Secretary
Steelworkers, AFL-CIO
Local 10-12698
1121 Randall Avenue
Boothwyn, PA 19061

LM File Number: 007-329

Case Number: [REDACTED]

Dear Mr. Griffin:

This office has recently completed an audit of Steelworkers Local 10-12698 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 on September 2, 2009, 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 10-12698's 2008 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 10-12698 did not maintain itemized receipts for meal expenses totaling at least \$1,106.18. 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 10-12698 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, check number [REDACTED] dated 5/14/08 made out to Josephine's for breakfast and lunch catering for a meeting on 5/9/08. The itemized receipts were not maintained and information regarding the purpose of the meeting and who attended the meeting was not provided. 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.

2. Dues Receipt Verification

During the audit, Financial Secretary Griffin advised that Local 10-12698 does not receive a dues check-off record or any documentation with the local's dues payment to verify the amount due to the local. 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. OLMS recommends that Local 10-12698's review this procedure to improve internal control of union funds and to safeguard against underreporting of dues receipts.

Based on your assurance that Local 10-12698 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Other Issue

The audit disclosed the following other issue:

Use of Signature Stamp

During the audit, President Long advised that it is Local 10-12698's practice for President Long to sign all union checks and to occasionally stamp his signature on union checks. Article VIII of Local 10-12698's bylaws requires that checks be signed by the president, financial secretary and treasurer. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 10-12698 review this procedure to improve internal control of union funds.

I want to extend my personal appreciation 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 large black rectangular redaction box covers the signature of the Senior Investigator.

Senior Investigator

cc: Edward Long, President