



November 20, 2014

Mr. Richard Konrad, President
Steelworkers AFL-CIO Local 2-475
W1220 County HR
Brillion, WI 54110

Case Number: 320-6002823
LM Number: 063794

Dear Mr. Konrad:

This office has recently completed an audit of Steelworkers Local 2-475 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 and Financial Secretary-Treasurer Carol Tompkins on November 24, 2014, 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 2-475's 2013 records revealed the following recordkeeping violations:

1. Credit Card and Meal Expenses

Local 2-475 did not retain adequate documentation for credit card expenses and meal expenses incurred by officers and employees totaling at least \$4,543. For example, adequate supporting documentation was not retained for a \$1,584.60 charge you made at Doubletree by Hilton in Pittsburgh, PA on 9/28/2013 for the USW Safety Conference. In

support of this expense, Local 2-475 only retained a voucher and the hotel reservation confirmation sheets. As another example, Local 2-475 did not require officers and employees to submit itemized meal receipts for meal expenses totaling at least \$2,512. For meal expenses, Local 2-475 only retained the credit card signature receipt showing the name of the vendor, the date, and the amount of the expense.

Local 2-475's records of meal expenses did not always include written explanation of union business conducted or the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, a receipt retained for a \$42.13 meal expense incurred by you at Paper Valley Restaurant in Appleton, WI on 4/24/2013 did not include the nature of union business conducted and the full names and titles of those present on the receipt.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. 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. 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. Failure to Retain Records for Items Given Away

Local 2-475 disbursed more than \$1,524 for door prizes and gifts that was given away at its annual Christmas Party; however, Local 2-475 only retained records for two prizes totaling \$262 that identified the winners' names and the value of the prizes. Additionally, Local 2-475 purchased \$200 in gift cards from Kwik Trip to give to the member(s) that prepared the meals for the monthly membership meetings held in 2013; however, Local 2-475 did not retain records that identified the recipient(s) of the gift cards.

Records must be retained which account for all union property. In the case of union items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 2-475 in Statements A and B of the Labor Organization Annual Report (Form LM-3). The value of any property on hand at the beginning and end of the year should be reported in Item 30 (Other Assets). Further, 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 30 regarding items that are disposed of in a manner other than by sale.

3. Failure to Record Receipts and Receipt Dates

Local 2-475 did not record in its receipt records income received from tickets sales for its annual Christmas Party totaling at least \$2,010. Instead, the local recorded a single \$2,010 receipt in its records on March 31, 2013 for all the tickets that were sold. Local 2-475

failed to record in its records the source, the amount, and the date for 41 checks totaling \$890 and for \$1,120 in cash payments that were received from the Christmas Party ticket sales. 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.

The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 2-475 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-3) filed by Local 2-475 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Disbursements to Officers

Local 2-475 did not include some reimbursements and allowances to Financial Secretary-Treasurer Carol Tompkins totaling at least \$1,102 as well as meal expenses charged by you on the union credit card totaling approximately \$1,629 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Local 2-475 issued checks totaling \$1,062 to Ms. Tompkins for the reimbursement of food items and office and administrative supplies that she purchased; however, Local 2-475 reported \$0 in Item 24, Column E (Allowances and Other Disbursements). It appears the union erroneously reported these payments as well as the meal expenses charged by you to the union credit card in Item 48 (Office and Administrative Expense) and/or Item 54 (Other Disbursements).

Most direct disbursements to Local 2-475 officers and some indirect disbursements made on behalf of its officers must be reported 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).

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. During the opening interview, you said that Local 2-475 amended its bylaws sometime between 2009 and 2010 and again sometime between 2010 and 2013, but did not file copies with its LM reports for those years. Local 2-475 has now filed a copy of its current bylaws.

I am not requiring that Local 2-475 file an amended LM report for 2013 to correct the deficient items, but Local 2-475 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Overpayment of Reimbursed Expense

The audit revealed that on September 13, 2013, Local 2-475 overpaid member [REDACTED] for a reimbursed expense relating to food purchased for the September 2013 membership meeting. A review of Local 2-475's records revealed that [REDACTED] was reimbursed \$47.03 for food items; however, according to the receipt from Tadych's Econofoods, the total amount of the items was \$37.03, not \$47.03. During the exit interview, Mrs. Tompkins stated that she would notify [REDACTED] about the overpayment and request a \$10 reimbursement from her.

OLMS recommends that unions: (1) adopt a clear policy on reimbursed expenses; (2) establish what documentation is needed for an official to be reimbursed; and (3) establish a procedure that provides for review and approval of expense claims. Careful review of expense vouchers can help ensure adequate internal controls and safeguard union assets.

I want to extend my personal appreciation to Steelworkers Local 2-475 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,

[REDACTED]

Investigator

cc: Ms. Carol Tompkins, Financial Secretary-Treasurer