



September 29, 2022

Mr. Richard Arnold, Treasurer  
USW Local 115  
2555 S. 30th St., Suite B  
Lafayette, IN 47909

Case Number: 310-6023321( )  
LM Number: 023528

Dear Mr. Arnold:

This office has recently completed an audit of USW Local 115 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 12, 2022, 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 115 2021 records revealed the following recordkeeping violations:

1. General Expenses

Local 115 did not retain adequate supporting documentation to support disbursements totaling \$14,958.27 for various purposes. This includes, for example, three payments for the United Way Golf Outing totaling \$9,200.

As noted above, 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. Failure to Record Receipts

Local 115 did not record in its receipts records the interest earned on certificates of deposit totaling at least \$6,679.00. 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.

## 3. Lack of Salary and Allowance Authorization

Local 115 did not maintain records to verify that the salaries and allowances reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amount and therefore were correctly reported.

The union must keep a record, such as meeting minutes, to show the current salary and allowance authorized by the entity or individual in the union with the authority to establish salaries, allowances, and benefits, including vacation and sick leave.

. The supporting documentation may be in the form of an annual salary authorization in the local membership and executive board meeting minutes or, in some cases, included in the union by-laws. Because President Buchanan's salary is linked to negotiated increases in a master labor agreement covering union members, a copy of the provision containing the increase should be attached to the document authorizing the salary, allowance, and benefit payments.

Based on your assurance that Local 115 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations. Also, as agreed during the exit interview, you stated that you would bring the question of authorization before the membership at the Local's September 13, 2022, membership meeting. You said that the authorization of President Spencer Buchanan's salary and benefits, including vacation and sick leave and the monthly allowances paid to the executive board officers and the grievance committee, would be documented in the membership meeting minutes and copy provided to OLMS. On September 20, 2022, you provided a copy of your September 13, 2022, general membership meeting minutes, which included officer salary and allowance authorization, including the local's vacation and sick leave policy.

## 4. Officer and Employee Expenses: General Reimbursed & Credit Card

Local 115 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,884.13. For example, disbursement for officers' expenses totaling \$266.54 lacked an expense voucher to confirm authorization.

As noted above, 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.

### 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 115 for the fiscal year ended December 31, 2021, was deficient in that:

#### 1. 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. Local 115 amended its constitution and bylaws in 2017 but did not file a copy with its LM report for that year. The bylaws must be uploaded electronically through the OLMS Electronic Filing System (EFS) available at the [OLMS website at www.olms.dol.gov](http://www.olms.dol.gov). Local 115 should file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than October 14, 2022.

#### 2. Disbursements to Officers (LM-3)

Local 115 did not include allowance payments to the president totaling at least \$1,080 in the amounts reported in Item 24 (All Officers and Disbursements to Officers – Allowances and Other Disbursements (E)). It appears the union erroneously reported these payments in Item 24 (All Officers and Disbursements to Officers – Gross Salary (D)). Also, Local 115 erroneously reported allowance payments totaling approximately \$8,850, ranging from \$330 to \$ 1,080 to 12 executive board officers in Item 24 (All Officers and Disbursements to Officers – Gross Salary (D)). Per the LM-3 Report Instructions, officers' allowance payments should be reported in Item 24 (All Officers and Disbursements to Officers – Allowances and Other Disbursements (E)).

The union must report most direct disbursements to Local 115 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).

I am not requiring that Local 115 file an amended LM report for 2021 to correct the deficient items, but Local 115 has agreed to properly report the deficient items on all future reports it files with OLMS.

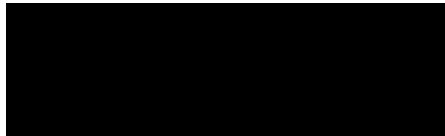
#### Other Issues

##### 1. Fixed Asset List

On July 12, 2022, you and Financial Secretary Schoolcraft stated that the union's fixed assets were not complete in that it did not, for example, include laptops purchased during the audit year. Although the local's failure to maintain a complete list of their fixed assets is not an LMRDA violation, OLMS recommends Local 115 update their fixed asset list to contain all fixed assets for recordkeeping and insurance purposes.

I want to extend my personal appreciation to USW Local 115 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 covering the signature of the investigator.

Investigator

cc: Mr. Spencer Buchanan, President  
Mr. Larry Schoolcraft, Financial Secretary