

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Minneapolis Resident Investigator Office  
900 Second Avenue South, Suite 450  
Minneapolis, MN 55402  
(612)370-3111 Fax: (612)370-3107



April 8, 2009

Mr. Matt Burg, President  
Steelworkers AFL-CIO Local 1976  
21301 County Road 111  
Richmond, MN 56368

LM File Number: 059-469  
Case Number: [REDACTED]

Dear Mr. Burg:

This office has recently completed an audit of Steelworkers Local 1976 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, Treasurer Wendy Christiansen, and Vice President Ronald Grams on February 18, 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 1976's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Auto Expenses

Local 1976 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$2,900. For example, a check for \$135.00 was written to [REDACTED] for per diem as stated on the memo line of the check; however no voucher or supporting documentation for the disbursement was found in union records. In most instances, union officers did not fill out the voucher completely and failed to include written explanations of the union business conducted on the expenses voucher.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1,200 during 2007. For example, you received reimbursement for mileage on September 17, 2007, in the amount of \$43.97. The expense voucher maintained does not state a union purpose for mileage or the locations traveled to and from. In the case of reimbursed mileage expenses, records which identify the dates of travel, purpose, locations traveled to and from, and number of miles driven must be maintained.

3. Lost Wages

Local 1976 did not retain adequate documentation for lost wage reimbursement payments to officers and employees totaling at least \$1,684. For example, Treasurer Wendy Christiansen was paid \$97.48 on August 10, 2007, for 8 hours of lost time. No purpose or description of the union business conducted was written

on the voucher. In the case of Local 1976, lost time was documented only by recording the dates the lost time was incurred on the lost time voucher. However, the purpose of the lost time was not recorded. 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 must be maintained.

4. Receipt Dates not Recorded

Entries in Local 1976's receipts journal reflect the date money was deposited but not the date money was received. During the audit, Treasurer Christiansen noted that she records the date money is deposited instead of the date she receives it. Receipts records must show the date of receipt. 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 receipts must be recorded when money is actually received and disbursements must be recorded when money is actually paid out. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received.

Based on your assurance that Local 1976 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 (LM-3) filed by Local 1976 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 1976 did not include any reimbursements to officers totaling at least \$3,279 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, Treasurer Christiansen received at least \$2,854 in reimbursed expenses. However, nothing was reported in Column E (Allowances and Other Disbursements). It appears these payments were erroneously reported in these

payments in Item 48 (Office and Administrative Expense) and/or Item 54 (Other Disbursements).

Most direct disbursements to Local 1976 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).

Additionally, Local 1976 erroneously identified some members as officers in Item 24 (All Officers and Disbursements to Officers). [REDACTED] and [REDACTED] were all listed as committee persons in Item 24 and a committee person is not an officer position in Local 1976. "Officer" is defined in section 3(n) of the LMRDA as "any constitutional officer, any person authorized to perform functions Disbursements to these individuals should be reported in Item 46 (Disbursements to Employees) even if your organization does not consider them to be employees.

## 2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. For example, Item 25B (End of the Reporting Period Cash) states that cash was \$0. The audit revealed that Local 1976's records show that it had \$50,151.53 at the end of the year. 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. Additionally, cash reported at the beginning of the reporting period in Item 25A should equal Item 25B (End of the Reporting Period Cash) from the LM-3 report for the previous fiscal year.

Local 1976 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on

the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than April 29, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Steelworkers Local 1976 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: Wendy Christiansen