



December 19, 2017

Ms. Debbie Mott, President  
Steelworkers Local 2-187  
1040 Airport Avenue  
Wisconsin Rapids, WI 54494

Case Number: 320-6012174-  
LM Number: 051248

Dear Ms. Mott:

This office has recently completed an audit of Steelworkers Local 2-187 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, Vice President Todd Koelzer, Treasurer Sandra Hurd, and Trustee Mark Burant on December 4, 2017, 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 2-187's 2016 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries into Roberts Custom Software, Local 2-187's bookkeeping software program, reflect the date the union deposited money, but not the date money was received. Union 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 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.

2. Adequate Documentation not Retained for Disbursements to Third Parties and Reimbursed Expense to Officers

Local 2-187 did not retain adequate documentation for payments to outside individuals and/or businesses that provided goods and services to Local 2-187 totaling at least \$5,000. For example, check [REDACTED] was issued to the Hyatt Regency for \$2,796.98. Local 2-187 maintained a voucher for this expense, which indicated the payment was for the "District 2 Convention for [REDACTED] and [REDACTED]" however, the union failed to retain a hotel invoice(s) or folio(s) for the expense, which is not sufficient.

Local 2-187 also failed to retain adequate documentation for two payments to you totaling more than \$1,000 for the reimbursement of expenses you incurred on behalf of the union, including check [REDACTED] in the amount of \$990.40 for what appears to be airline tickets for you and Mr. Koelzer to attend a bargaining conference in Pittsburgh. The only documentation retained in support of that payment was a copy of your personal credit card statement with two charges to Delta Airlines highlighted, which is not sufficient.

As mentioned 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.

3. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$700 during 2016. Although all the claims for mileage were generally identified on a union lost time and expense vouchers, the information on the vouchers did not include the starting and ending destinations of travel and some vouchers failed to adequately identify the union business purpose of the expense.

The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each

use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

#### 4. Per Diem Payments

Local 2-187 did not retain adequate documentation for per diem payments to officers totaling more than \$600. The audit found that Local 2-187 pays per diem consistent with the federal government rate and per diem claims were generally documented on lost time and expense vouchers. However, local union officers often failed to identify the dates of travel as well as the union business purpose of the per diem payment.

In the case of per diem payments, Local 2-187 must keep records that identify the dates of travel, the location of travel (required to determine the applicable per diem rate), the daily per diem rate, and the union business travel that required the per diem payments to be made.

#### 5. Lost Wages

Local 2-187 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$9,000. 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 sufficient description of the union business conducted. The OLMS audit found that although all lost wage claims were documented on a union lost time and expense voucher, but the information provided on the voucher often failed to include an adequate description of the union business purpose for the wages. For example, many vouchers turned in by officers included union business purposes of “grievance day,” “president day,” or “vice president day” for the wages. None of these descriptions sufficiently describe the union business being conducted that necessitated the lost wage payments.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* for additional information on this topic.

Based on your assurance that Local 2-187 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 2-187 for the fiscal year ended December 31, 2016, was deficient in the following areas:

### 1. Dues Receipts

The audit found that Local 2-187 failed to report all dues receipts received during the audit year in Item 38 (Dues). Specifically, Local 2-187 received a direct dues payment in the amount of \$123.71 from member [REDACTED] in December 2016, but did not include that payment in the amounts reported in Item 38.

All dues received during the fiscal year must be reported in Item 38, regardless of when the union actually deposited the funds.

### 2. Disbursements to Officers

Local 2-187 did not include some reimbursements to you and Ms. Hurd totaling at least \$3,000 in the amounts reported Item 24 (All Officers and Disbursements to Officers). During the audit year, you received approximately \$3,175 from the union for reimbursed expenses incurred by you for union related business; however, Local 2-187 reported only \$1,593 in Item 24, Column E (Allowances and Other Disbursements). Similarly, Ms. Hurd received reimbursed expenses totaling \$2,175 from the union, but only \$726 was reported in Item 24, Column E. It appears the union erroneously reported these payments in Item 48 (Office and Administrative) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 2-187 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 for room rent only) 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).

### 3. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away union apparel and labor day raffle tickets to members totaling at least \$300 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 2-187 file an amended LM report for 2016 to correct the deficient items, but Local 2-187 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 2-187 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.A smaller black rectangular redaction box covering the name of the investigator.

Investigator

cc: Ms. Sandra Hurd, Treasurer  
Mr. Mark Burant, Trustee