



Sent via email to [REDACTED] and [REDACTED]

September 28, 2020

Mr. David Phelps, President  
Steelworkers, AFL-CIO Local 8149  
[REDACTED]

Case Number: 320-6018261 [REDACTED]  
LM Number: 070738

Dear Mr. Phelps:

This office has recently completed an audit of Steelworkers, AFL-CIO Local 8149 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 Financial Secretary Rachel Christensen and Treasurer Mark Faulds on September 25, 2020, 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.

#### Recording 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 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 8149's 2019 records revealed the following recordkeeping violations:

#### 1. Disbursements to Vendors and General Reimbursed Expenses

Local 8149 did not retain adequate documentation for disbursements to vendors and payments to Ms. Christensen and Trustees Linda Wilkens, Dina Brandstetter, and Mary

Kristbaum totaling at least \$1,542 in 2019. For example, adequate supporting documentation was not retained for a \$607.06 disbursement the union made to Homeplate Asylum on December 30, 2019 for its Christmas party. In support of this payment, Local 8149 only retained a carbon copy of the check issued to Homeplate Asylum, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$69.90 reimbursement to Ms. Christensen for flowers she purchased on behalf of the union. In support of this payment, Local 8149 only retained a carbon copy of the check issued to Ms. Christensen, which is not sufficient.

Additionally, Local 8149's records of meal expenses did not always include itemized receipts or the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, an itemized receipt was not retained for a \$55.50 meal expense incurred by Ms. Wilkens at Homeplate Asylum in Mequon, WI on December 5, 2019. In support of this expense, Local 8149 only retained a non-itemized receipt and a voucher, which is not sufficient.

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. Lost Wages

Local 8149 did not retain adequate documentation for lost wage reimbursement payments to Ms. Brandstetter, Ms. Kristbaum, and Ms. Wilkens totaling at least \$141. The union must retain 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. The audit found that while the union retained vouchers for most lost wage reimbursements, no vouchers or any other detailed records were retained by Local 8149 for lost wages incurred by Ms. Brandstetter, Ms. Kristbaum, and Ms. Wilkens to conduct a quarterly audit in January 2019.

Following the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 8149 may use to satisfy this requirement. The sample identifies the type of information and the documentation that the lodge must maintain for the lost wages and other officer expenses.

3. Disposition of Property

The audit revealed that Local 8149 did not retain adequate records for gift cards it purchased or gave away during the audit period. While Local 8149 retained records that adequately identify members who received gift cards at its monthly membership meetings, it did not maintain records that adequately identify members who received gift cards for being ill or unable to attend Local 8149's Christmas party. Additionally, Local 8149 did not maintain records that identified the gift cards that were on hand at the beginning and end of the year.

Records must be retained which account for all union property. In the case of gift cards or other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 8149 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The value of any gift cards or similar property on hand at the beginning and end of the year must be reported in Item 30 (Other Assets). In addition, the type and value of any property received or given away must be identified in the additional information section of the Form LM-3 with the identity of the recipient(s) or donor of such property.

In addition, in the case of items given away to members, the union must retain records that identify the date items were given away and the recipients of those items.

4. Lack of Salary Authorization

Local 8149 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) and Item 46 (Disbursements to Employees) of the LM-3 were the authorized amounts and therefore correctly reported.

At the opening interview, Ms. Christensen advised that the salaries of Local 8149's officers, stewards, and committee members were authorized by its bylaws; however, Ms. Christensen later determined that Local 8149 doesn't actually have its own bylaws. Authorization for the salaries paid by Local 8149 could not be found in its meeting minutes or any other union records. The union must keep a record, such as meeting minutes, to show the current salaries as authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 8149 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

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 8149 for fiscal year ended December 31, 2019, was deficient in that:

#### Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than purchase or sale?) should have been answered, “Yes,” because Local 8149 gave away gift cards totaling at least \$1,175 to members during the audit 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 8149 file an amended LM report for 2019 to correct the deficient item, but Local 8149 has agreed to properly report the deficient item on all future reports it files with OLMS.

### Other Issue

#### Lost Wage Policy

During the audit year, Local 8149 made lost wage reimbursement to its officers totaling at least \$1,260; however, the union does not have written policies that document its lost wage reimbursement policies.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments. OLMS recommends that unions (1) adopt clear policies and procedures for making a lost time or similar payments and (2) use vouchers that require detailed information to support lost time payments. These practices will allow the union to properly report lost time payments on the Labor Organization Annual Report, Form LM-3.

OLMS recommends that union policies and procedures for lost wages be reduced to writing and added to your union’s bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time. You may want to have your union’s trustees or auditors compare the steps taken to pay lost time with the union’s policies to make sure that all required procedures are being followed.

I want to extend my personal appreciation to Steelworkers Local 8149 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: Ms. Rachel Christensen, Financial Secretary  
Mr. Mark Faulds, Treasurer