

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
310 West Wisconsin Avenue, Suite 102-69
Milwaukee, WI 53203
(414)297-1501 Fax: (414)297-1685



December 23, 2008

Mr. William Albrecht, President
Steelworkers Local 02-69
P.O. Box 340048
Milwaukee, WI 53234-0048

LM File Number: 541-594
Case Number: [REDACTED]

Dear Mr. Albrecht:

This office has recently completed an audit of Steelworkers Local 02-69 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 Daniel Solberg on November 12, 2008, 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 02-69's 2007 records revealed the following recordkeeping violations:

1. Debit Card Expenses

Local 02-69 did not retain adequate documentation for debit card expenses incurred by you totaling at least \$5,520.49. For example, Local 02-69 purchased a new computer, printer, and software totaling at least \$2,357.13; however, no supporting documentation was retained. As another example, \$1,025 in gift cards were purchased from Pick N' Save for the membership in which no supporting documentation was retained. For all debit card withdrawals, the bank statements show the point of sale of transactions. However, bank statements alone are not sufficient to fulfill the recordkeeping requirement, and additional supporting documentation was not retained for the debit card withdrawals.

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. Lost Wages

Local 02-69 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$4,243.71. 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 description of the union business conducted. The audit found that Local 02-69's officers did not identify on the date of lost wages on vouchers.

During the exit interview, I provided a sample of an expense voucher Local 02-69 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

In addition, as discussed below, payments to Financial Secretary-Treasurer Solberg for time worked on union business during his personal time were incorrectly documented using vouchers that identified the payments as reimbursements to him for actual wages lost while conducting union business. Union records must distinguish lost wages from payments for personal time worked on union business.

Based on your assurance that Local 02-69 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(a) and 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations and to file certain information disclosing certain provisions and procedures. The Labor Organization Annual Report (Form LM-3) filed by Local 02-69 for fiscal year ending December 31, 2007, was deficient in areas noted below. In addition, Local 02-69 failed to file modifications made to its provisions made for certain types of disbursements.

1. 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 State Fair Tickets, gift certificates and t-shirts totaling more than \$6,668.95 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees." In addition, the cost, book value, and trade-in allowance for assets that were traded in must be reported.

2. Disbursements to Officers

Local 02-69 did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears these payments were erroneously reported in Item 48 (Office and Administrative Expense).

Most direct disbursements to Local 02-69 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).

3. Compensation Provision for Financial Secretary-Treasurer Not Filed

Section 201(a) of the LMRDA states that "every labor organization shall adopt a constitution and bylaws and shall file a copy thereof with the Secretary...." In addition to filing a constitution and bylaws, labor organizations must also submit a report detailing, among other things, "detailed statements, or references to specific provisions of documents filed under [Section 201(a)] which contain such statements, showing the provisions made and procedures followed with respect to ...authorization for disbursement of funds of the labor organization..." Section 201(a) also 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.

Article X, Section 8 of Local 02-69's bylaws state that the position of financial secretary-treasurer is authorized to receive up to 16 hours per month in lost wages to perform his or her duties. This section of the bylaws also states the president may authorize the financial secretary-treasurer to take additional time if needed. However, the audit revealed that Financial Secretary-Treasurer Solberg received at least \$4,243.71 in wages for time spent working on his personal time. The payments were claimed using lost wage reimbursement vouchers, which suggested that the payments were for wages for time spent on union business during his normal work hours at West Allis Ductile.

You advised it is the policy of Local 02-69 to pay Financial Secretary-Treasurer Dan Solberg wages for his personal time spent working on using business. However, that practice is not consistent with the provisions of Article X, Section 8 of the bylaws. Furthermore, authorization for payment of personal time for the financial secretary-treasurer could not be found elsewhere in union records.

In order to meet the reporting requirement of Section 201(a), Local 02-69 filed a LM-1 report. Instead of submitting a detailed statement along with the report that explained Local 02-69's practice and procedure regarding the authorization of disbursements, Local 02-69 indicated on the LM-1 that specific provisions involving the authorization for disbursement of labor organization funds could be found in the local's constitution and bylaws. The provision concerning payments to the

financial secretary-treasurer is detailed in Article X of the March 2002 of bylaws currently on file with OLMS.

In order to comply with Section 201(a), Local 02-69 must report the provision made and procedures followed with respect to the authorization of disbursement of funds, including the deviation from Article X, Section 8. The information may be incorporated into Local 02-69's bylaws or filed with an amended Labor Organization Information Report (Form LM-1).

I am not requiring that Local 02-69 file an amended LM report for 2007 to correct the deficient items noted in items one and two above, but Local 02-69 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 02-69 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: Mr. Daniel Solberg, Financial Secretary-Treasurer