



April 20, 2015

Mr. Mark D. Eilers, President
Steelworkers AFL-CIO Local 2-209
12034 W. Adler Lane
West Allis, WI 53214

Case Number: 320-6003065()
LM Number: 011695

Dear Mr. Eilers:

This office has recently completed an audit of Steelworkers AFL-CIO Local 2-209 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 Secretary-Treasurer Michael Hoppe on February 23, 2015, 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 2-209's 2013 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Reimbursements to Officers

Local 2-209 did not retain adequate documentation for disbursements to vendors and payments to Sergeant-at-Arms [REDACTED] totaling at least \$9,702. For example,

adequate supporting documentation was not retained for a \$3,756.43 reimbursement to Mr. [REDACTED] for Mr. [REDACTED], Recording Secretary Andrew Voelzke, Vice President Christopher Harris, and Trustee [REDACTED] lodging and bag fees at the Rapid Response Conference in Washington, D.C. in April, 2013. In support of these expenses, Local 2-209 only retained a voucher and a partial printout of an online credit card statement for Mr. [REDACTED] personal credit card.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. As we discussed, the credit card statement alone does not satisfy the recordkeeping requirement for reimbursed 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. Meal Expenses

Local 2-209 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,574. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Local 2-209's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, a receipt retained for a \$230 meal expense incurred by you at Billy's Stone Crabs in Hollywood, FL on February 19, 2013 did not include the nature of union business conducted and the full names and titles of those present on the receipt.

Union 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.

3. Reimbursed Auto Expenses

You received reimbursements for business use of your personal vehicle but did not retain adequate documentation to support payments made to you totaling at least \$953 during 2013. Your mileage reimbursements were claimed on expense vouchers that normally identified the total miles driven and the union business conducted; however, expense vouchers were not sufficient because in many instances they failed to identify the locations traveled to and from.

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. Failure to Retain Records for Items Given Away

In 2013, Local 2-209 disbursed more than \$2,049 for watches and gift cards that were given away at union meetings and as retirement gifts. However, Local 2-209 did not maintain an inventory of the property it purchased and gave away. Additionally, Local 2-209 did not maintain any records that identify the recipients of the items that were given away. Records must be retained that account for all union property. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2. Further, the union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28 regarding items that are disposed of in a manner other than by sale

Based on your assurance that Local 2-209 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-2) filed by Local 2-209 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 (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 during the audit period Local 2-209 gave away t-shirts, watches, gift cards, and commemorative items at union meetings, as retirement gifts, and at public events totaling more than \$30,708. 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.

2. Statement A (Cash Balance)

It appears that the cash figures reported in Item 22 (A) (Cash, Start of the Reporting Period) are not the figures according to Local 2-209's books after reconciliation to the bank statements. The cash balance as of January 1, 2013, as reconciled to the bank statements, was \$844,827; however, the cash balance reflected in the accounts maintained in the union's accounting software and reported in Item 22 (A) was \$849,103. The audit revealed

that this discrepancy was mainly due to several unreconciled bookkeeping errors made to the general fund checking account during the last quarter of 2012 that were carried into 2013. Local 2-209's general fund checking account balance as of December 31, 2012, as recorded in the union's accounting software, was \$302,963.17; however, the audit revealed that the general fund checking account balance as of December 31, 2012, as reconciled to the bank statements, was \$298,685.96. The instructions for Item 22 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

3. 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. During the opening interview, Mr. Hoppe said that Local 2-209 amended its bylaws in 2013 but did not file copies with its LM report for that year. Local 2-209 has now filed a copy of its current bylaws.

I am not requiring that Local 2-209 file an amended LM report for 2013 to correct the deficient items, but Local 2-209 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Overpayment of Reimbursed Expenses

The audit revealed that on April 26, 2013, Local 2-209 overpaid Mr. Weyenberg for travel expenses he incurred while attending the Rapid Response Conference in Washington, D.C. A review of Local 2-209's records revealed that Mr. [REDACTED] submitted two expense vouchers totaling \$4,252.70, but he was reimbursed \$4,298.08, resulting in an overpayment of \$45.38. At the exit interview on February 23, 2015, you and Mr. Hoppe stated that you believed that Mr. [REDACTED] submitted a separate voucher for the \$45.38 reimbursement. You and Mr. Hoppe stated that if the voucher cannot be located, then Mr. Weyenberg will be instructed to submit a voucher if this was a legitimate union expense or reimburse Local 2-209 if this was an overpayment.

Additionally, the audit revealed that on May 5, 2013, Local 2-209 overpaid Mr. [REDACTED] for lodging expenses he incurred while attending the United Steelworkers District 2 Conference in Green Bay, WI. A review of Local 2-209's records revealed that Mr. [REDACTED] was reimbursed \$2,398.80 for lodging; however, invoices obtained from the Radisson Paper Valley Hotel revealed that the total room charges were \$1,793.76, not \$2,398.71. During our meeting on March 30, 2015, Mr. [REDACTED] stated that he did not intentionally over report his expenses and that the overpayment was a result of an unintentional "calculation error" and stated that he should reimburse the \$604.95 overpayment, which he did on March 30, 2015.

OLMS recommends that unions: (1) adopt a clear policy on reimbursed expenses; (2) establish what documentation is needed for an official to be reimbursed; and (3) establish a procedure that provides for review and approval of expense claims. Careful review of expense vouchers can help ensure adequate internal controls and safeguard union assets.

2. Lost Time and Pre-approved Time Policies

You claimed a total of 50 hours of lost time for attending the National Labor and Management Conference in Hollywood, FL from February 14, 2013 through February 20, 2013. The audit revealed that Article VI, Section 7 of Local 2-209's bylaws state, "Delegates to conventions, conferences or Educational Classes shall be paid by the Union, a sum up to forty (40) hours for lost time while attending. Any additional lost time shall be reviewed by the Executive Board." You and Mr. Hoppe confirmed this policy at the exit interview. The audit did not reveal any evidence that the executive board reviewed or approved this lost time claim. Additionally, Local 2-209's bylaws do not specify if members are entitled to claim lost wages for instances that they were schedule to work overtime or for instances that overtime is available. The policy in Local 2-209's bylaws for the payment of "pre-approved time" to members that conduct union business outside of their normal working hours is unclear. At the opening interview, you and Mr. Hoppe stated that "pre-approved time" is authorized by membership at the beginning of the fiscal year or by the executive board, as needed. The audit revealed many instances of "preapproved time" being paid to members that was not authorized in advance by the membership or the executive board.

To ensure proper internal financial control over union disbursements, OLMS recommends that unions establish best practices for administering lost time payments and compensation for "pre-approved time" by (1) adopting clear policies and procedures for making lost time and "pre-approved time" payments; and (2) use vouchers that require detailed information to support lost time and "pre-approved time" payments. During the exit interview, Mr. Hoppe and you stated that you will discuss these items with Local 2-209's executive board and see if the language in the bylaws for lost time and "pre-approved" time can be clarified.

I want to extend my personal appreciation to Steelworkers AFL-CIO Local 2-209 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 solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Mr. Michael A. Hoppe, Secretary-Treasurer