



August 19, 2016

Mr. Paul Voss, President
IBEW, AFL-CIO, Local 430
1840 Sycamore Avenue
Racine, WI 53406

Case Number: 320-6006841 [REDACTED]
LM Number: 040-047

Dear Mr. Voss:

This office has recently completed an audit of IBEW, AFL-CIO, Local 430 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 Business Manager Chris Gulbrandson and Secretary Paula Wegenke on August 4, 2016, 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 430's 2015 records revealed the following recordkeeping violations:

1. Disbursements to Vendors

Local 430 did not retain adequate supporting documentation for disbursements to vendors totaling at least \$1,514.42. For example, no supporting documentation was retained for a \$114.42 check issued on August 7, 2014 to Time Warner Cable for Internet and phones. As

another example, adequate supporting documentation was not retained for a check in the amount of \$1,300 issued to “IBEW” on September 23, 2014 for a “Political contribution.” In support of this expense, Local 430 only retained a piece of paper with the business purpose written on it, which is not sufficient. A final example is a check in the amount of \$100 to the Racine County Food Bank #2 on December 2, 2014 had no supporting documentation and is not referenced in the union’s meeting minutes.

As noted 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.

2. Reimbursements to Officers/Employees

Local 430 did not retain adequate supporting documentation for payments to Executive Board Member [REDACTED] and Mr. Gulbrandson totaling at least \$339.73. For example, adequate documentation was not retained for a \$209.41 reimbursement check to [REDACTED] on December 4, 2014 for food purchases between December 2 and December 4, 2014 for food for the monthly union meeting. In support of this payment, Local 430 retained copies of the original receipts, which is not sufficient. During the exit interview, Ms. Wegenke said that the union’s policy was to keep original receipts, and they would be more careful about retaining original receipts in the future. As another example, Local 430 records related to meal expenses did not always include written explanations of the union business conducted or the names and titles of persons incurring or receiving the benefit of the restaurant charges. For example, a receipt retained for a \$130.32 meal expense incurred by Mr. Gulbrandson at The Summit Restaurant on December 23, 2014 for a business lunch did not include the full names and titles of those present on the credit card receipt or the union business that was conducted.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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.

3. Failure to Retain Voided Checks

Local 430 failed to retain a voided check in the amount of \$240.00 on February 12, 2015 to the Wisconsin State Conference. During the exit interview, Ms. Wegenke stated that she always kept the union’s voided checks and believes that this check may have gotten lost during the filing process. As a general rule, all types of records created or used in the normal course of doing union business must be maintained by the union for five years.

Based on your assurance that Local 430 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), 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. Local 430 amended its constitution in 2013, but did not file a copy with its LM report that year. Local 430 has now filed a copy of its constitution and bylaws.

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 430 for the fiscal year ended (FYE) June 30, 2015 was deficient in that:

Disbursements to Officers and Employees

Local 430 did not include some reimbursements to you, Ms. Wegenke, and Mr. Gulbrandson totaling at least \$4,827 in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). For example, Local 430's general ledgers indicate that Mr. Gulbrandson received reimbursed expenses totaling \$10,468; however, the total amount reported in Column F (Disbursements for Official Business) of Schedule 11 was \$7,599.

The union must report in Column F of Schedules 11 and 12 direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 430 file an amended LM report for 2015 to correct the deficient items, but Local 430 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Issue

The audit revealed that Local 430 overpaid Ms. Wegenke for a \$20 gift card that she purchased for [REDACTED] baby. A review of Local 430's records revealed that Ms. Wegenke was reimbursed \$21.02 for the \$20.00 gift card; however, information provided on the voucher and the receipt showed that the total reimbursement should have been \$20. It appears that Ms.

Wegenke erroneously claimed sales tax for other items that were purchased along with the gift card.

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.

I want to extend my personal appreciation to Electrical Workers Local 430 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. Chris Gulbrandson, Business Manager
Ms. Paula Wegenke, Secretary