



December 6, 2016

Mr. Dale Calaway, President  
Steelworkers Local 6050  
W2216 County Road S  
Pulaski, WI 54162

Case Number: 320-6007473 [REDACTED]  
LM Number: 054848

Dear Mr. Calaway:

This office has recently completed an audit of Steelworkers Local 6050 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 Treasurer [REDACTED] on December 2, 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 6050's 2015 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 6050 did not retain adequate documentation for disbursements to vendors and payments to you and [REDACTED] totaling at least \$875 in 2015. For example, adequate supporting documentation was not retained for a \$30 reimbursement to [REDACTED] on January 26, 2015 for purchasing stamps. No receipt was retained and no date of purchase or vendor name was recorded on the voucher retained for this expense. As another example, adequate supporting documentation was not retained for a \$47.56 check issued to the Stadium View Bar and Grill in Green Bay, WI on May 20, 2015 for food and beverages for Local 6050's May membership meeting. In support of this payment, Local 6050 only retained a voucher and the check stub, which is not sufficient.

As another example, Local 6050's records of meal expenses did not always include the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, the full names and titles of those present were not included on either the itemized receipt or voucher retained for a \$100 meal expense incurred by [REDACTED] at D2 Sports Pub in Appleton, WI on May 12, 2015 for Right-To-Work training.

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. Reimbursed Auto Expenses

You, [REDACTED], former Financial Secretary [REDACTED], and Unit Chair [REDACTED] received reimbursement for the business use of your personal vehicles, but did not retain adequate documentation to support payments made to yourself and them totaling at least \$244 during 2015. You, [REDACTED], and [REDACTED] mileage reimbursements were claimed on expense vouchers that identified the total mileage expenses, the total miles driven, the dates of travel, and the union business conducted; however, the expense vouchers were not sufficient because they failed to identify the locations traveled to and from. [REDACTED]'s mileage reimbursement was claimed on an expense voucher that identified the date of travel, total mileage expense, and the union business conducted; however, the expense voucher was not sufficient because it failed to identify the locations traveled to and from and the number of miles driven. 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.

### 3. Lost Wages

Local 6050 did not retain adequate documentation for lost wage reimbursement payments to you, [REDACTED] and Recording Secretary [REDACTED] totaling at least \$3,055 during 2015. 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 the union retained vouchers for lost wage reimbursements, but in some instances the vouchers were not sufficient because [REDACTED], and you did not always identify the actual date the lost wages were incurred.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 6050 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.

### 4. Lack of Salary and Expense Allowance Authorization

The audit revealed that Local 6050 did not maintain records to verify that the salaries and allowances reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. At the opening interview, you provided a document that lists the current monthly salaries and expense allowances for Local 6050's officer and non-officer positions and stated that this document is updated each year. You further stated that Local 6050's current salaries and expense allowances were approved in 2008 or 2009 and that this authorization could be found in the meeting minutes. During the audit, a review of Local 6050's meeting minutes from 2001 through 2015 revealed that the current salaries and expense allowances for the positions of grievance (steward) and auditor were approved on May 26, 2010; however, no authorization was found in the minutes or any other union records for the current salaries and expense allowances for the positions of president, vice president, unit chair, financial secretary, financial treasurer, and recording secretary.

The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. Although OLMS does not recommend one best policy for authorizing allowances, it strongly recommends a written policy approved by the governing body to ensure compliance with the LMRDA and to safeguard union assets. This authorization should be documented in at least one union record.

Based on your assurance that Local 6050 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 6050 for the fiscal year ended December 31, 2015 was deficient in that:

#### Disbursements to Officers

Local 6050 did not include a \$27.50 reimbursement to [REDACTED] in the amount reported in Item 24 (All Officers and Disbursements to Officers), Column E (Allowances and Other Disbursements). Local 6050's disbursements records indicate that [REDACTED] received reimbursed expenses totaling \$499; however, the total amount reported in Column E of Item 24 for [REDACTED] was \$471. It appears that Local 6050 erroneously reported this payment in Item 48 (Office & Administrative Expenses) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 6050 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.

I am not requiring that Local 6050 file an amended LM report for 2015 to correct the deficient item, but Local 6050 has agreed to properly report the deficient item on all future reports it files with OLMS.

### Other Issues

#### Pre-signing Checks

During the opening interview, you and [REDACTED] advised that a pre-signed check is used each month to pay the Stadium View Bar and Grill for food and drinks purchased for Local 6050's monthly membership meetings. Article VIII, Section 5 of the International Union of United Steelworkers Constitution requires that all checks be signed by the president, financial secretary, and treasurer. The three signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and

negates the purpose of the three signature requirement. OLMS strongly recommends that Local 6050 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 6050 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: , Financial Treasurer