



June 22, 2018

Mr. Darrin Ernst, President  
Steelworkers, AFL-CIO, Local 2-460  
[REDACTED]  
Tomahawk, WI 54487

Case Number: 320-6012569 [REDACTED]  
LM Number: 064151

Dear Mr. Ernst:

This office has recently completed an audit of Steelworkers Local 2-460 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 Treasurer Michael Volkers on June 14, 2018 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 2-460's 2016 records revealed the following recordkeeping violations:

#### 1. Insufficient Receipt Records

Local 2-460 failed to maintain a union record that identifies the date the union received money. During the audit year, there were several entries in Local 2-460's general ledger for receipts totaling approximately \$2,300. However, this record failed to identify the date the union received the income and also failed to adequately describe the source of the income.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Reimbursed Expenses to Officers

Local 2-460 did not retain adequate documentation for check [REDACTED] to Evan Borchardt, which included reimbursement for lost wages as well as over \$500 in reimbursed expenses to attend the USW District 2 Conference. Although Local 2-460 retained an expense voucher for this check, there was no additional supporting documentation for the actual expenses incurred, including hotel and meal receipts.

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.

Based on your assurance that Local 2-460 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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 460 amended its constitution and bylaws in 2013 but did not file a copy with its LM report for that year. Local 460 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Steelworkers Local 2-460 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,

[REDACTED]

[REDACTED]

Investigator

cc: Mr. Michael Volkers, Treasurer  
Mr. James Teal, Vice President