

U.S. Department of Labor

Office of Labor-Management Standards
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July 25, 2019

Ms. Jackie Anklam, President
Steelworkers, AFL-CIO
Local 9899
804 S Hamilton Street
Saginaw, MI 48601

Case Number: 320-6015600 [REDACTED]
LM Number: 543-162

Dear Mrs. Anklam:

This office has recently completed an audit of Steelworkers, AFL-CIO Local 9899 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 Suzanne Marshall on June 27, 2019, 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 9899's 2018 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 9899 did not adequately record in its receipts records interest income earned from the certificates of deposit owned by the local and what appears to be reimbursed travel expenses from the USW International Union totaling at least \$3,360 during the audit year. For example, at least five entries in the union's electronic general ledger reflect deposits for the purpose of "reimbursement" or "reimbursement for Jackie," but the local failed to retain records that identify the source of these reimbursements.

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.

2. Lack of Authorization for Officer's Salaries

Local 9899 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. During the opening interview, you and Ms. Marshall explained that the salaries currently in place were approved by Local 9899's membership years ago; however, authorization for these salaries could not be identified in Local 9899's meeting minutes or any other union record. During the exit interview, you and Ms. Marshall provided membership meeting minutes dated June 18, 2019 in which the membership voted and approved the salaries of the local's president, treasurer, and financial secretary.

The union must keep a record, such as meeting minutes or bylaws, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries.

3. Lack of Authorization for Officer's Cell Phones

During the opening interview, you and Ms. Marshall advised that the president and chief steward's cell phone usage is paid by the local, and that authorization for all officers' cell phones and related monthly expenses was most likely included in Local 9899's meeting minutes; however, authorization for cell phone expenses could not be identified in Local 9899's meeting minutes or in any other union records. During the closing interview, you and Ms. Marshall agreed to get the officer's cell phone expenses authorized, approved, and recorded in the minutes.

The union must keep a record, such as meeting minutes or bylaws, to show officer's cell phone expenses are authorized by the entity or individual in the union with the authority to establish expenses.

4. Fixed Assets

The LM-3 filed by Local 9899 for 2018 reported fixed assets totaling \$4,810 at the beginning and end of the audit year (Items 29 (A) (Fixed Assets, Start of Reporting Period) and 29 (B) (Fixed Assets, End of Reporting Period)); however, Local 9899 failed to retain any records to verify the accuracy of those figures. During the audit, you advised that you and Ms. Marshall reported the same figures for the value of the office furniture and miscellaneous office equipment (i.e. folding chairs, conference tables, etc.) in Item 29 for several years. You were also not aware that you should include any additional assets purchased by the local, such as new laptops or additional equipment, or report these figures in accordance with a depreciation value. You and Ms. Marshall further advised that Local 9899 does not maintain a written inventory of fixed assets.

In the case of fixed assets, the union must maintain a written or electronic inventory or other similar record identifying each fixed asset and the cost and depreciation of each fixed asset. Such records are required to be retained to verify, clarify, and support information required to be reported in Item 29 of the LM-3 Report.

5. Lost Wages

Local 9899 did not retain adequate documentation for lost wage reimbursement payments made to several officers totaling at least \$8,295 during the audit year. 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 9899 maintained vouchers in support of lost wage reimbursements, but many of the vouchers failed to adequately describe the union business purpose or there was no business purpose recorded. For example, some of the vouchers included a union business purpose of "office work" or "TP LM." None of these descriptions sufficiently describes the union business being conducted that necessitated the lost wage payments.

6. Reimbursed Auto Expenses

Local 9899 officers received reimbursement for the business use of their personal vehicles, but they did not retain adequate documentation to support reimbursements totaling at least \$1,530. Claims for mileage were documented on USW expense vouchers, but many of the vouchers did not include an adequate business purpose, did not include the locations traveled to or from, or the documentation was illegible.

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.

Based on your assurance that Local 9899 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-3 filed by Local 9899 for the fiscal year ended December 31, 2018, was deficient in the following areas:

1. Fixed Assets

Local 9899 did not properly report the value of their fixed assets in Items 29(A) (Fixed Assets, Start of Reporting Period) and 29(B) (Fixed Assets, End of Reporting Period) of Statement A (Assets and Liabilities). As mentioned above, you and Ms. Marshall confirmed that you have been reporting the same value for the office furniture and equipment owned by the local in the figures reported in Item 29, but failed to include the book value (cost less depreciation) for the local's additional assets, including laptops and equipment.

Local 9899 must report the value of all their fixed assets including land, buildings, office furniture, and equipment owned by the union at the beginning and end of the reporting period in Item 29(A) and Item 29(B) of the LM-3 Report. The book value of fixed assets is cost less depreciation.

2. 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. Local 9899 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 9899 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 9899 file an amended LM report for 2018 to correct the deficient items, but Local 9899 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Lost Time Policy

During the opening interview, you and Ms. Marshall stated that officers and members are entitled to claim lost time from their employer to conduct union business. The audit revealed that Local 9899 disbursed funds totaling at least \$1,422 to officers and members in 2018 for the reimbursement of "paid time off" that officers and members took from their employer to conduct

union business. At the exit interview, you and Ms. Marshall explained that the local reimburses officers and members who use “their own time they’ve earned in order to support the union.” In addition, the local wants “to make those officers and employees whole again” because paid time off does not count towards an officer or employees base bi-weekly 75-hour schedule. However, Local 9899’s bylaws are silent regarding the authorization of lost time disbursements, including the reimbursement of paid time off.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments. OLMS recommends that unions (1) adopt clear policies and procedures for making lost time or similar payments and (2) use vouchers that require detailed information to support lost time payments. These practices will allow the union to properly report lost time payments on the Labor Organization Annual Report Form LM-3.

OLMS recommends that union policies and procedures for lost wages be reduced to writing and added to your union’s bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time and other expenses.

I want to extend my personal appreciation to Steelworkers Local 9899 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 black rectangular redaction box covering the signature of the investigator.A black rectangular redaction box covering the name of the investigator.

Investigator

cc: Ms. Suzanne Marshall, Financial Secretary