

U.S. Department of Labor

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March 31, 2009

Mr. Michael Grimslid
Secretary Treasurer/Business Manager
Iron Workers Local 383
1602 S. Park Street, Room 226
Madison, WI 53715

LM File Number: 029-281
Case Number: [REDACTED]

Dear Mr. Grimslid:

This office has recently completed an audit of Iron Workers Local 383 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 Office Manager Lisa Venske today, 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 383's 2008 records revealed the following recordkeeping violations:

1. Mileage Logs and Gas Receipts for Union Owned Vehicles

Local 383 did not retain adequate mileage logs and supporting documentation for some gas credit cards expenses. For example, former Business Managers Charles Meinholz and Colin Millard were assigned union automobiles and recorded dates and number of miles driven in mileage logs, but failed to identify the business purpose on most trips taken in the union owned vehicles. For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

In addition, Business Agent Gene Rustick failed to submit some gas receipts for the BP Amoco credit cards totaling at least \$500. The only supporting documentation retained was the credit card statements; these statements alone are not sufficient to fulfill the recordkeeping requirement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Reimbursed Auto Expenses

Local 383 officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$3,000 during fiscal year ending 2008. Local 383 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. In the case of Local 383, the records retained in support of the reimbursed auto expense payments were not adequate because the dates of travel and/or business purpose of travel were not included on mileage logs and expenses vouchers.

Based on your assurance that Local 383 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-2) filed by Local 383 for fiscal year ending June 30, 2008, was deficient in that:

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 the union gave away gift cards, bibles, and raffle prizes totaling more than \$1,500 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees." In addition, the cost, book value, and trade-in allowance for assets that were traded in must be reported.

I am not requiring that Local 383 file an amended LM report for 2008 to correct the deficient items, but Local 383 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

Inadequate Bond

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. The audit revealed that Local 383's officers and employees were not bonded for the minimum amount required at the time of the audit. However, evidence that adequate bonding coverage has since been obtained has been provided to OLMS. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issue

During the audit, you advised that it is Local 383's has three signature stamps for the positions of business manager/secretary-treasurer, president, and recording secretary. It is Local 383's policy to have two officers sign the union checks (usually the business manager and the president) and to stamp the signature of the third officer on union checks. However, sometimes more than one signature stamp is used. The two 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 383 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Iron Workers Local 383 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. Tim DeMinter, President
Ms. Lisa Venske, Office Manager