

U.S. Department of Labor

Office of Labor-Management Standards
Milwaukee District Office
310 W. Wisconsin Avenue, Suite 1160W
Milwaukee, WI 53203-2213
(414)297-1501 Fax: (414)297-1685



December 23, 2009

Mr. Russ Brouillard, President
United Steelworkers Local 2-16
2306 S. Carpenter Street
Appleton, WI 54915

LM File Number: 052-354
Case Number: [REDACTED]

Dear Mr. Brouillard:

This office has recently completed an audit of USW Local 2-16 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 Secretary Treasurer Steven Drier on December 22, 2009, 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 2-16's 2008 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Reimbursed Officer Expenses

Local 2-16 did not retain adequate documentation for disbursements to vendors and reimbursed expenses to officers and other individuals totaling at least \$1,537. For example, Recording Secretary Scott Ohearn was reimbursed a total of \$300 during the year for gift cards, but no vendor receipts were maintained in union records showing where the gift cards were purchased, and you and Vice President Dennis Strauch were reimbursed a total of \$198 for mileage, but not all vouchers supporting mileage expenses identified the location traveled to and from.

As noted above, Local 2-16 must retain original receipts, bills, and vouchers for all disbursements. In addition, for reimbursed mileage expenses, records must be maintained which identify the dates of travel, locations traveled to and from, the number of miles driven, and the business purpose of each use of a personal vehicle for business travel.

2. Lost Wages

Local 2-16 did not retain adequate documentation for lost wage reimbursement payments to you and Vice President Strauch totaling at least \$1,855. Regarding lost time for conventions, the dates of lost time were not always identified and convention call letters or other documentation which might identify the existence of the conventions was not always maintained. Regarding lost time for other purposes, for example those noted "president's meetings," "union business," and "grievance," vouchers did not identify the nature of the union business conducted at these meetings or, in the case of grievance meetings, the specific grievance number or name.

Local 2-16 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 an adequate description of the union business conducted.

3. Lack of Salary Authorization

Local 2-16 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and were therefore correctly reported. The union must keep a record, such as an entry in meeting minutes or a bylaw, which shows the current salary authorized by the entity or individual with the authority to establish salaries.

Based on Financial Secretary Treasurer Drier's assurance that Local 2-16 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 (see Item 21 of the LM-3). Local 2-16 adopted a new bylaws in 2006 but did not file a copy with its LM report for that year. A copy of the bylaws was filed during the audit.

I want to extend my personal appreciation to USW Local 2-16 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 Financial Secretary Treasurer Drier are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

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Investigator

cc: Steven Drier, FST