

U.S. Department of Labor

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Office of Labor-Management Standards
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March 18, 2008

Mr. Dale Prout, President
Steelworkers Local 2-369
7013372 Brentwood Drive
Menomonee Falls, WI 53051

LM File Number 058-754
Case Number: [REDACTED]

Dear Mr. Prout:

This office has recently completed an audit of 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, Vice President Craig Boudry, and Financial Secretary Paula Reed on April 1, 2008, 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 2-369's 207 records revealed the following recordkeeping violations:

1. Reimbursed Automobile Expenses

During the audit year, Chief Steward Pete Koskey received mileage payments from Local 2-369 for the use of his personal vehicle to attend to union business on three occasions. Mr. Koskey's vouchers for these expenses failed to identify the dates of travel as well as the locations traveled to and from.

Mr. Boudry also received mileage payments during the audit year. Mr. Boudry's vouchers failed to identify the dates of travel, the locations traveled to and from, as well as the purpose of the union business that required the travel.

Local 2-369 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.

2. Lost Wages

Local 2-369 did not retain adequate documentation for lost wage reimbursement payments to Mr. Boudry totaling at least \$600.

Although there was a lost wage voucher completed for each occasion in which Mr. Boudry sought lost wage reimbursement, he did not specifically identify the dates on which the lost wages were incurred, nor did he identify a description of the specific union business that was being conducted.

Local 2-369 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.

Based on your assurance that Local 2-369 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

The audit revealed a lack of internal financial controls over the disbursements of Local 2-369, specifically disbursements for union credit card purchases. Ms. Reed is the only authorized user of the union credit card. During the opening interview, you advised me that you do not review supporting documentation for disbursements before you sign checks, including checks paid to the local's credit card company. Ms. Reed also advised me that she did not believe anyone else reviewed the credit card expenditures either.

I reviewed the entire year of credit card expenditures by Ms. Reed and found that all expenses charged to the union's credit card were supported by adequate documentation. However, as a method of ensuring stronger internal financial controls over the expenditures of Local 2-369, I recommend that you review supporting documentation for all expenditures, including those for credit card purchases, before you co-sign union checks in the future.

I want to extend my personal appreciation to 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: Craig Boudry, Vice President
Paula Reed, Financial Secretary