



December 20, 2012

Mr. Jeffrey Kaminski, President  
Steelworkers AFL-CIO Local 2006  
1140 W. Anderson Court  
Oak Creek, WI 53154

Case Number: [REDACTED]  
LM Number: 021547

Dear Mr. Kaminski:

This office has recently completed an audit of Steelworkers AFL-CIO Local 2006 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 Treasurer Ron Rozell and Financial Secretary Lea Salter on December 12, 2012, 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 2006's 2011 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Reimbursements to Officers and Employees

Local 2006 did not retain adequate documentation for disbursements to two vendors totaling at least \$1,500 and adequate documentation was not retained for payments to Vice President

Gary Haag, Unit President Wendy Johnson, Recording Secretary Mark Screba, Unit Griever Scott Holstein, and you totaling at least \$1,500 for lodging, airfare, mileage, and meal expenses. For example, adequate supporting documentation was not retained for a \$1,428.57 check issued to the Radisson Paper Valley Hotel on April 13, 2011 for lodging expenses for Ms. Johnson, Mr. Haag, Mr. Screba, and you at a conference in Appleton, WI. In support of that expense, Local 2006 only retained a handwritten receipt showing the calculation of the amount of the check issued for the rooms. As another example, adequate supporting documentation was not retained for a \$373.47 reimbursement to Mr. Haag on August 9, 2011 for airfare to a conference in Reno, NV. In support of that expense, Local 2006 only retained a transaction report from Mr. Haag's personal credit card.

In the case of meal expenses, officers typically did not retain itemized receipts and did not identify the names of those present or the union business conducted that required the expenses be incurred. Mileage reimbursements were claimed on expense vouchers that normally identified the date and number of miles claimed, but did not identify the union business conducted.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. Records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. For mileage expenses, 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. 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. Lost Wages

Local 2006 officers work in full-time positions at WE Energies. When the officers are absent from work to conduct union business, Local 2006 pays them their regular wages (referred to as "lost time"). Officers are initially paid wages for such absences by WE Energies, and Local 2006 reimburses the company for those wages. During 2011, the officers collectively lost 1,034 hours, for which Local 2006 reimbursed WE Energies \$31,900.

Local 2006 retained invoices it received from WE Energies that identified the names of the names of the officers that lost wages and the amount the company paid to each person. In the case of disbursements for lost wages, records must be maintained 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. While it does not recommend any specific

format, OLMS suggests that labor organizations use detailed vouchers to support lost time payments. You advised that before 2011 officers typically completed lost time vouchers that provided this additional information and that the local recently again started keeping these records.

Based on your assurance that Local 2006 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 LM-3 filed by Local 2006 for the fiscal year ended December 31, 2011, was deficient in that:

#### Disbursements to Officers

Local 2006 did not include some payments to officers totaling at least \$500 in Item 24 (All Officers and Disbursements to Officers). Local 2006's disbursement journal reflected that Mr. Rozell, Ms. Salter, and you received reimbursements and other payments totaling at least \$5,675. However, the amounts reported in Column E (Allowances and Other Disbursements) of Item 24 for Mr. Rozell, Ms. Salter, and you total only \$5,174. Mr. Rozell and Ms. Salter stated that the reason for this difference is that some disbursements for postage and office supplies were erroneously included in the amount reported in either Item 48 (Office & Administrative Expenses) or Item 54 (Other Disbursements).

Most direct disbursements to Local 2006 officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 2006 file an amended LM-3 report for 2011 to correct the deficient items, but Local 2006 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issue

#### Expense Policy

Local 2006 officers occasionally claim reimbursement for per diem or actual meal expenses incurred, including claims for per diem when officers are off work to conduct

union business but are not in travel status. Mr. Rozell and Ms. Salter indicated that these payments were properly authorized; however Local 2006 has no written policies documenting its authorized meal expense policies. To ensure proper internal financial controls over union disbursements, OLMS recommends that each union: (1) adopt a clear policy on reimbursed travel expenses; (2) establish what documentation is needed for an official to be reimbursed; and (3) establish a procedure that provides for approval of travel expense claims. Please see the attached compliance tip regarding reimbursed travel expenses for additional information.

I want to extend my personal appreciation to Steelworkers Local 2006 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,



Senior Investigator

cc: Mr. Ron Rozell, Treasurer  
Ms. Lea Salter, Financial Secretary