

U.S. Department of Labor

Office of Labor-Management Standards
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November 18, 2009

Mr. Richard Stencel, President
State, County, & Municipal Employees Local 366
3648 South Iowa Avenue
St. Francis, WI 53235

LM File Number: 541-407
Case Number: [REDACTED]

Dear Mr. Stencel:

This office has recently completed an audit of State, County, & Municipal Employees Local 366 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 Secretary Treasurer James Gruenwald on November 17, 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 366's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 366 did not retain adequate documentation for some reimbursed expenses incurred by Sergeant-at-Arms Kathy Wilk. For example, Ms. Wilk was reimbursed for food and refreshment for the monthly membership meetings. The audit revealed that documentation was not retained for some of the food purchased for the December 2008 meeting.

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

Some officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. Local 366 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 audit found that Local 366 did not always identify on expense vouchers the locations traveled to and from.

Based on your assurance that Local 366 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 366 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 366 did not include reimbursements to officers totaling at least \$1,900 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, Secretary Treasurer James Gruenwald received at least \$700 in reimbursed expenses. However, nothing was reported next to his name in Column E (Allowances & Other Disbursements) of Item 24. It appears these payments were erroneously reported Item 54 (Other Disbursements).

In addition, Local 366 failed to include one salary payment to Executive Board Member Richard Czerwinski, totaling at least \$310. During the fiscal year, Mr. Czerwinski received \$1,950 in gross wages. However, only \$1,640 was reported next to his name in Column D (Gross Salary) of Item 24. It appears this payment was omitted from the LM-3 report.

Most direct disbursements to Local 366 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).

2. Statement B (Receipts)

Local 366 incorrectly included receipts from fiscal year 2007 in Item 38 (Dues) on the 2008 report, totaling at least \$2,800. The audit revealed that two dues checks were received and recorded in QuickBooks in 2007. These same dues receipts were erroneously recorded as receipts in 2008 in QuickBooks, Local 366's cash book, and the LM-3.

I want to extend my personal appreciation to State, County, & Municipal Employees Local 366 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance

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materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]

Investigator

cc: Mr. James Gruenwald, Secretary Treasurer