



April 21, 2016

Ms. Robin Tokach, President  
Steelworkers Local 10  
100 Collins Avenue  
Mandan, ND 58554

Case Number: 320-6007154  
LM Number: 053051

Dear Ms. Tokach:

This office has recently completed an audit of Steelworkers Local 10 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 Financial Secretary Bob Fix on April 7, 2016, 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 10's 2015 records revealed the following recordkeeping violations:

1. Debit Card Expenses

Local 10 did not retain adequate documentation for debit card expenses incurred by officers totaling at least \$3,724. For example, the local incurred nine charges at Hirsch Florist totaling \$481.26 in 2015 to purchase sympathy plants. The local did not retain receipts or

other original supporting documentation for any of the charges. In another example, the local's debit card was used to purchase three Delta flights for you, Recording Secretary Kevin Koch, and former President [REDACTED] totaling \$2,067.60 for travel to meetings at the USW International Union in Pittsburgh, PA. However, the local did not retain invoices or other original supporting documentation for the charges. Mr. Fix obtained and provided copies of the Hirsch Florist and Delta Airlines receipts during the audit.

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

## 2. Meal Expenses

Local 10 did not require officers and employees to submit itemized receipts for meal expenses charged to the local's debit card totaling at least \$875 or for meal expenses that were reimbursed to officers totaling at least \$264. In support of the expenses, the local only kept the signature copy of the receipts, which are not sufficient. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Local 10's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the local charged \$80.14 to Dominos on October 10, 2015 but none of the union's records identified who was present for the expense or what union business was conducted when the expense was incurred. Union 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.

## 3. Reimbursed Auto Expenses

You received reimbursement for the business use of your personal vehicle, but did not retain adequate documentation to support payments to you totaling at least \$1,030 during 2015. For example, you submitted vouchers claiming reimbursement for at least 1,792 miles, but you did not identify the business purpose of the trips or the locations traveled to and from. 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.

## 4. Lost Time

Local 10 did not retain adequate documentation for lost time reimbursement payments to you, [REDACTED], or Mr. Koch for 39 instances totaling at least \$15,580.36. The union must maintain records in support of lost time 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. The OLMS audit found that Local 10 officers used a lost time and expense voucher form provided by the former PACE International Union. In all of the 39 instances where lost wages were claimed by the above officers, the officers failed to fill out the form in its entirety. For example, most vouchers submitted by officers identified the total number of hours lost and the total gross dollar amount of the lost time being claimed. However, the deficient vouchers did not identify the applicable rates of pay for the hours being claimed. Nearly all of the claims were for rates of pay that included a combination of straight time, overtime, or other premium pay rates as prescribed by the collective bargaining agreement with Tesoro. In addition, officers often did not provide an adequate description of the union business that was conducted when the wages were lost.

During the audit, you and I met and discussed the deficient lost time vouchers. You identified crew schedules, weekly schedules, and a pay estimator that identifies all of the wage rates that could be used to support lost time claims. I recommend that you keep those records with the lost time claims.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 10 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 10 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations. However, Local 10's records will be reviewed by OLMS again within the next year to ensure that the recordkeeping violations noted above have been corrected.

#### 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. There were no bylaws on file for Local 10; however, during the audit you provided an undated copy of the local's bylaws. Local 10 has now filed a copy of its constitution and bylaws.

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 10 for the fiscal year ended December 31, 2015, was deficient in that:

## Disbursements to Officers

Local 10 did not include indirect disbursements to officers totaling at least \$1,176 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements). For example, the local's bank statements and receipts showed that Local 10 officers charged a lunch expense during contract negotiations in the amount of \$107.13 at the Seven Seas Bar and Grill on January 27, 2015. The payment was not included in the amounts reported in Column E (Allowances and Other Disbursements) of Item 24 for you, Mr. Fix, Mr. Koch, and [REDACTED].

The union must report most direct disbursements to Local 10 officers and some indirect disbursements made on behalf of its officers 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 for room rent only) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48.

I want to extend my personal appreciation to Steelworkers Local 10 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,

[REDACTED]

Investigator

cc: Mr. Robert Fix, Financial Secretary