

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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March 20, 2008

Ms. Carol Harris, President
Steelworkers Local 2-380
S5657 Granite Lane
Baraboo, WI 53913

LM File Number 059-524
Case Number: [REDACTED]

Dear Ms. Harris:

This office has recently completed an audit of USW Local 2-380 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 Jean Brace and former Financial Secretary [REDACTED] on March 4, 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 2-380's 2007 records revealed the following recordkeeping violations:

1. Reimbursed Expenses

Local 2-380 did not maintain adequate documentation for the reimbursed expenses that were paid to Steward Trudy Barton with check # [REDACTED]. This check included reimbursement for a meal expense (\$30.56) and mileage expenses (\$119.20).

The meal receipt failed to identify the business purpose of the expense as well as the names and titles of the persons who were present for the meal expense.

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.

The records maintained for the mileage reimbursement portion of the payment included only the check stub showing the purpose of the payment as "reimbursement meals and mileage." No additional mileage records were maintained by the local to identify the date(s) of travel, the business purpose and location(s) of the travel, or the total number of miles driven.

Local 2-380 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

Adequate documentation was not maintained for over \$1,500 of lost wage payments to several officers during the audit year. Some of the lost wage vouchers maintained by Local 2-380 did not identify the date the lost wages were incurred, other vouchers did not identify the wage rate, and the older versions of the lost wage vouchers that were used through September of 2007 did not identify the union check that paid for each lost wage claim.

Local 2-380 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 2-380 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. Local 2-380 has not yet filed the Labor Organization Annual Report (Form LM-3) for fiscal year ending December 31, 2007 (due no later than March 31, 2008). The Form LM-3 for fiscal year ending December 31, 2006 was reviewed and determined to be deficient in that Item 24 (All Officers and Disbursements to Officers) did not include any reimbursed expense payments to officers.

In the fiscal year 2007, Local 2-380 disbursements included over \$500 in reimbursed expenses paid to officers. Former Financial Secretary [REDACTED] verified that she and other officers had similar reimbursed expenses in 2006 as well as in other previous years. [REDACTED], who prepared the local's Form LM-3 for fiscal year 2006, verified that she reported all reimbursed expense payments to officers in Item 48 (Office and Administrative Expenses).

Most direct disbursements to Local 2-380 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 2-380 file an amended LM report for 2006 to correct the deficient item, but Local 2-380 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Salary Authorization

During the opening interview with you and other officers on January 23, 2008, you explained that Article XX of your current by-laws contains provisions for monthly salary payments to officers. You further explained that a committee was established in 2001 whose sole function was to review the monthly salaries paid to officers and other executive board members and make a recommendation to the membership regarding those salaries. During the course of the audit, you provided me with documentation from a January 28, 2001 meeting in which the salary committee convened and agreed to recommend increasing the salary levels that were established in Article XX (e.g., increasing the president's salary \$175 with dues reimbursement, adding trustees, sergeant at arms and guides to the list of officers who receive dues reimbursement, etc) to the membership. During the course of the audit, you also provided me with the membership meeting minutes from March 14, 2001 in which a motion was passed by the membership to increase the monthly salaries of the officers and executive board to the amounts recommended by the committee. The compensation levels approved at the March 14, 2001 meeting were in effect during the audit year. You confirmed during the audit that this was the last time that the salary levels had been adjusted. I suggest that the local consider revising its current by-laws to reflect the authorization for the salary levels granted at the March 2001 meeting. In the more immediate future, I recommend discussing the salaries of the officers and executive board at an upcoming membership meeting and in each officer nominations meeting in the future. This discussion will be reflected in Local 2-380's minutes for that membership and nominations meetings, thus maintaining a more recent record documenting the authorization for the current salaries that are being paid to officer and executive board members.

2. Signature Cards

Local 2-380 has one checking account and five certificates of deposit (CD) at Baraboo National Bank. During the audit, Baraboo National Bank provided documentation verifying the current signatories on each of the six USW 2-380 accounts. The signature cards provided by the bank revealed that persons who are no longer

officers of Local 2-380 are still active signatories on all of the CD accounts. I suggest that you update each of the signature cards immediately following each election so that the authorized signatories include only those who are currently in office and covered by the local's surety bond.

I want to extend my personal appreciation to USW Local 2-380 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: Jean Brace, Financial Secretary
Sue Jones, Vice President