

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
310 West Wisconsin Avenue
Room 1160
Milwaukee, WI 53203
(414)297-1501 Fax: (414)297-1685



April 16, 2008

Mr. Allen Peltier, President
Iron Workers, AFL-CIO Local 811
318 South 3rd Ave., Room 6
Wausau, WI 54401

LM File Number: 062-877
Case Number: [REDACTED]

Dear Mr. Peltier:

This office has recently completed an audit of Iron Workers Local 811 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 Kurt Grezinski on April 11, 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 811's 2007 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 811 failed to maintain adequate records of meal expenses totaling at least \$427.15. The records did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on January 16, 2007, a charge at Annie's Restaurant was made to Treasurer Kurt Grezinski's union-issued credit card in the amount of \$90. A receipt has been maintained, but an explanation of union business conducted and the names and titles of the persons incurring the charges have not been recorded. 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.

Itemized receipts provided by restaurants to officers and employees must also be maintained. 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.

2. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$3,108.64 during 2007. Records which identify the dates of travel, locations traveled to and from, and number of miles driven must be maintained. 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.

3. Lost Wages

Local 811 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$2,818.83. Records must be maintained 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. The audit found that Local 811 retained lost time vouchers, but the vouchers did not always identify the date lost wages were incurred or a description of the union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 811 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 811 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 811 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away a CD player and door prizes during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. Every recipient need not be individually identified. The recipients can be described by broad categories, if appropriate, such as "members" or "new retirees." In addition, the cost, book value, and trade-in allowance for assets that it traded in must be reported.

2. Disbursements to Officers

Local 811 did not include some reimbursements to officers totaling at least \$2,647.56 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears these payments have been erroneously reported Item 54 (Other Disbursements).

Most direct disbursements to Local 811 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 811 file an amended LM report for 2007 to correct the deficient items, but Local 811 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Lost Time Policy

As I discussed during the exit interview with Treasurer Kurt Grezinski, the audit revealed that Local 811 does not have a clear policy regarding lost time claims. Article VIII, section A of Local 811's bylaws dated April 1, 2003, state "Any Officer or Member on Union business so authorized by the Union shall receive reimbursement of any necessary lost time from regular employment." Mr. Grezinski stated that in addition, Local 811 officers may claim lost time when on vacation pay from the employer as well as claim lost overtime. Additionally, Mr. Grezinski stated that lost overtime may be claimed even if an officer was not scheduled to work but would have had the option to work overtime. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Expense Policy

As I discussed during the exit interview with Mr. Grezinski, the audit revealed that Local 811 does not have a clear policy regarding the types of meal expenses an officer may claim when working a full day on union business. Local 811's meeting minutes state that the Treasurer may claim one meal if working a full day on union business. However, Mr. Grezinski stated that any officer who works a half day on

Mr. Allen Peltier
April 16, 2008
Page 5 of 5

union business may claim a "light lunch" and any union officer who works a full day on union business may claim a "light dinner". Specific written guidelines for who may claim meals, the number of hours worked that are necessary to claim meals, and the cost of meals have not been established by Local 811. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Iron Workers Local 811 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: Kurt Grezinski, Treasurer
Melvin Marohl, Recording Secretary