



June 22, 2016

Ms. Kimberly DeMoss, President
Postal Workers, American (APWU), Local 839
P.O. Box 4343
Lafayette, IN 47903

Case Number: 310-6007328
LM Number: 514981

Dear Ms. DeMoss:

This office has recently completed an audit of Postal Workers APWU Local 839 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 Treasurer Tom Bolen on June 16, 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 839's 2015 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 839 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers. For example, officers used the union-issued credit card for postage, retiree watches, and withholding taxes, but did not always retain supporting documentation for postage.

As another example, officers and employees received per diem related to attending conferences and conventions, but adequate documentation was not retained. The only records retained were vouchers that did not identify the dates of travel or the business

purpose of each trip. In the case of per diem payments to officers for travel on union business, Local 839 must maintain records which identify the business purpose of each trip, the dates of travel, the destination, and the per diem rate paid. During the exit interview, I provided a compliance tip sheet, *Reimbursed Travel Expense Payments*, which contains a sample of an expense voucher Local 839 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for officer expenses.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. In addition, in the case of these types of travel expenses, the records retained must also identify the dates and union business purpose of the travel that required the expenses be incurred. 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

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. Officers submitted vouchers that were not adequate because the specific dates of travel were not properly identified. Local 839 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.

Based on your assurance that Local 839 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 839 for the fiscal year ended December 31, 2015, 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 Local 839 gave t-shirts and watches totaling at least \$800. 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. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. Officers Not Listed

Local 839 did not report the names of some officers in Item 24 (All Officers and Disbursements to Officers). The audit revealed that the union had two additional officers, Clerk Craft Director [REDACTED] and Maintenance Craft Director [REDACTED], who are not identified in Item 24. Union vouchers show that both officers received disbursements during the audit year. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

3. Failure to File Bylaws

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. Local 839 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Local 839 has now filed a copy of its constitution and bylaws.

4. Failure to File LM-3 Reports by the Due Date

The audit disclosed a violation of LMRDA Section 201(b), which requires the president and treasurer, or corresponding principal officers, of each labor organization to file an annual financial report accurately disclosing the union's financial condition and operations. Local 839 has failed to file its annual financial report with OLMS by the due date required by Section 201(b) of the LMRDA since at least 2009. Section 201(b) requires that annual financial reports (LM) be filed within 90 days after the end of the labor organization's fiscal year. Local 839's fiscal year ends on December 31, and it must file its annual financial report by March 31 of each year (or by March 30 in a leap year).

I am not requiring that Local 839 file an amended LM report for 2015 to correct the deficient items, but Local 839 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 839 also agreed that it will file timely reports with OLMS from this point forward.

I want to extend my personal appreciation to APWU Local 839 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. Tom Bolen, Treasurer