



September 12, 2023

Mr. James Bradley, President
American Postal Workers Union (APWU) Local 5885
P.O. Box 159
Lewes, DE 19958-0159

Case Number: 140-6025227()
LM Number: 505764

Dear Mr. Bradley:

This office has recently completed an audit of American Postal Workers Union (APWU) Local 5885 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 Lisamarie Doughten on August 24, 2023, 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 5885's 2021 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 5885 did not retain adequate documentation for disbursements totaling at least \$73.50. For example, there was no documentation for a debit in the amount of \$58.00 on

September 23, 2021 at the U.S. Postal Service, Lewes, DE, which the monthly treasurer's report showed was for postage.

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 5885 did not require officers to submit itemized receipts for meal expenses totaling at least \$279.19. The union must maintain itemized receipts provided by restaurants to officers. 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 5885 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, a debit in the amount of \$115.43 made on June 22, 2021 at IHOP restaurant, Dover, DE showed seven meals and seven coffees were purchased. The records included only a vendor receipt. Meeting minutes showed a meeting held in June 2021. You confirmed this was for a membership meeting held in June 2021.

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. Lost Wages

Local 5885 did not retain adequate documentation for lost wage reimbursement payments to you totaling at least \$16,079.11. The OLMS audit found that you submitted vouchers supporting lost wage claims which identified each date lost wages were incurred, the number of hours lost on each date, and the applicable rate of pay, but the description of the union business conducted was not sufficiently specific. The vouchers listed only the office and meeting locations, for example Rehoboth/Dover. A better explanation would be, for example, "Negotiations preparations; met with local union officers to determine strategies."

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 5885 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.

4. Disposition of Property

Local 5885 did not maintain an inventory of Wawa gift cards it gave away totaling at least \$60.00. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. In the case of items given away to members, the union must retain records that identifies the date the items were given away and the recipients of those items.

5. Failure to Record Receipts

Local 5885 did not record in its records some receipts totaling at least \$2,969.81. For example, Local 5885 did not record an employer dues checkoff check in the amount of \$1,037.86 on December 20, 2021. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

6. Failure to Record Disbursements

Local 5885 did not record in its records some disbursements totaling at least \$5.88. Union disbursements records must include an adequate identification of all money the union disburses. The records should show the date and amount disbursed, and the recipient of the money. You agreed to accurately record disbursements in the future.

Based on your assurance that Local 5885 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 5885 for the fiscal year ended December 31, 2021, 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 gift cards totaling \$750 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property.

The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.” In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. List of Officers and Disbursements to Them

Local 5885 did not report the names of some officers in Item 24 (All Officers and Disbursements to Officers). Specifically, Sergeant-at-Arms Catherine Baker was not listed. 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.

In addition, Local 5885 did not include some reimbursements to officers totaling at least \$561.06 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 5885 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) 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).

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 5885's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

4. Delinquent Report

Local 5885 was delinquent in filing Form LM-3 for fiscal year 2021. Form LM-3 must be filed within 90 days after the end of your organization's fiscal year (12-month period). The law does not authorize the U.S. Department of Labor to grant an extension of time for filing reports for any reason. The president and treasurer or the corresponding principal officers of the labor organization required to sign Form LM-3 are personally responsible for its filing and accuracy.

Other Issue

Expense Policy

Local 5885 Standing Resolution #5 states, in part, “Anyone who uses their car for official union business is to fill out an official local mileage form and an expense voucher, get two approving signatures on the voucher, then turn them in to the treasurer to receive your check.” The audit revealed that you completed local mileage forms, but they were not accompanied by expense vouchers with approving signatures.

You explained that in the past, Local 5885’s checks contained one signature line, but now they contain two. You advised for that reason, the officers decided it was no longer necessary to complete expense vouchers to accompany the mileage forms, and that the officers intend to amend the Standing Resolutions accordingly.

I am not requiring that Local 5885 file an amended LM report for 2021 to correct the deficient items, but Local 5885 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to APWU Local 5885 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,



Senior Investigator

cc: Ms. Lisamarie G. Doughten, Treasurer