

U.S. Department of Labor

Office of Labor-Management Standards
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September 21, 2023

Mrs. Donna Templeton, Secretary-Treasurer
American Postal Workers Union Local 6726
PO Box 15471
Newport News, VA 23608-5471

Case Number: 450-6018184 ()
LM Number: 514-982

Dear Mrs. Templeton:

This office has recently completed an audit of American Postal Workers Union Local 6726 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 on September 13, 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 the Local 6726's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 6726 did not retain adequate documentation for some reimbursed expenses and debit card charges incurred by union officers. For example, the union did not retain receipts for debit card purchases for office equipment, purchases at Walmart, purchases from Amazon, and travel expenses such as transportation, hotels, and meals.

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. Disposition of Property

Local 6726 did not maintain an inventory of property purchased, sold, or given away. Local 6726 purchased t-shirts and gave them away. However, there was nothing in the union records to indicate who received the t-shirts. 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. The union must also retain records that identify the date the items were given away and the recipients of those items.

3. Failure to Retain Receipt Records

Local 6726 failed to maintain bank transaction records for deposits into the local's checking account. Local 6726 must retain bank deposit slips and the union's records must indicate the source of the items included in each deposit. All union records must be retained.

4. Information Not Recorded in Meeting Minutes

During the closing interview, you advised OLMS that the membership authorized the purchase of computers and the officers' travel. However, there are no membership meeting minutes or anything else in the union's records that reference that approval. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

5. Petty Cash

Local 6726 failed to maintain a beginning and ending balance of the petty cash fund. Every receipt and disbursement should have a receipt attached to it stating the business purpose and the recipient or vendors' name. Maintain all bank slips. You indicated during the exit interview that the union no longer uses petty cash.

Based on your assurance that the Local 6726 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 6726 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Disbursements to Officers

Local 6726 did not include disbursements to or on behalf of officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Disbursements to or on behalf of several union officers including travel expenses, meals, and lost time were not reported next to their name in Item 24, Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 6726 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. An "indirect disbursement" to an officer is a payment to another party (including check card companies) 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).

2. Failure to Accurately Report Receipts

The total receipts reported in Item 44 (Total Receipts) on the union's December 31, 2019, LM-3 report does not match the figure calculated by OLMS during the audit. All money received by the union during the audit period must be reported in Items 38 through 43 of the LM-3 report.

3. Failure to Accurately Report Disbursements

The total disbursements reported in Item 55 (Total Disbursements) on the union's December 31, 2019, LM-3 report does not match the figures calculated by OLMS during the audit. All money disbursed by the union during the audit period must be reported in Items 45 through 54 of the LM-3 report.

4. Signatures

The union president signed for both the president and treasurer on the LM report (Item 26 and Item 27). The completed LM-3 report must be signed by both the president and treasurer of the labor organization. If one of those officers is unavailable, the report may be signed by another union officer. In this instance, enter the correct title in the title field next to the signature and explain in Item 56 (Additional Information) the reason the president or treasurer did not sign the report.

5. Failure to File Bylaws and Constitutions

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its constitution and bylaws with its LM report. Local 6726 did not file a copy of its bylaws; however, Local 6726 has now filed an updated copy of its constitution and bylaws.

I am not requiring that Local 6726 file an amended LM report for 2019 to correct the deficient items, but Local 6726 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 6726 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,

A solid black rectangular box used to redact the signature of the sender.

Compliance Program Specialist