



February 21, 2014

Mr. Paul Muenkel, President
Postal Workers, American, Local 241
PO Box 7711
Madison, WI 83707-7711

Case Number: 320-6000156 [REDACTED]
LM Number: 072154

Dear Mr. Muenkel:

This office has recently completed an audit of American Postal Workers Local 241 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, Vice President Carla Riffle, Treasurer Dale Anderson, and Trustees Erin Johnson, Jeff Freidel, and Patricia Passel on February 5, 2014, 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 241's 2012 records revealed the following recordkeeping violations:

1. Supporting Documentation for Checks and Credit Card Expenses Not Retained

Local 241 did not retain adequate documentation for disbursements and expenses, including credit card expenses, totaling more than \$9,000.

Local 241 failed to retain adequate documentation for checks totaling approximately \$2,000. As an example, Local 241 did not retain adequate supporting documentation for check # [REDACTED] to

██████████ in the amount of \$143.26. The only documentation retained in support of this payment was a short memo in the QuickBooks Accounting Software check register that read “Monroe Holiday Party.”

Local 241 failed to retain adequate supporting documentation for over \$7,000 in expenses charged to the union VISA credit card. The credit card was assigned to you and was used to purchase items such as office supplies, meals while on union travel, and lodging for both you and other union officers to attend various conferences; however, Local 241 failed to maintain adequate documentation for many of those expenses, including lodging invoices (for officers other than yourself), itemized receipts for meal expenses, receipts for internet purchases, and receipts for postage purchases. As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. With regard to meal expenses charged to the union credit card, Local 241 must keep itemized meal receipts as these receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. Additionally, all meal receipts must identify the names of the names and titles of the persons present for the meal expense as well as a written explanation of the union business being conducted.

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. Receipt Dates not Recorded

Local 241 recorded its receipts in QuickBooks. No other union record of receipts was kept. Entries in QuickBooks reflect the date that money was deposited but not the date money was received. Receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The LM-3 instructions for Statement B state that receipts must be recorded when money is actually received, and disbursements must be recorded when money is actually paid out. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received. Local 241 must take steps to ensure that the dates of all receipts are properly recorded in union records.

3. Reimbursed Auto Expenses

Union officers who received reimbursement for the business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1,200. Local 241 requires officers to document mileage claims on a lost wage and expense form; however, the documentation was insufficient because the locations travelled to and from were not specifically identified on the expense forms.

For reimbursed mileage expenses, Local 241 must maintain records which identify the dates of travel, locations traveled to and from, and the number of miles driven. The records 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.

4. Inventory of Fixed Assets

Local 241 failed to maintain accurate records of its fixed assets. The LM-3 filed by Local 241 for 2012 reported fixed assets of \$30,274 at the end of the year. However, Treasurer Anderson advised that Local 241 does not maintain a complete inventory of fixed assets and he reports only the depreciated balance of the fixed assets he has entered in QuickBooks which includes only a percentage of the union's total assets.

In the case of fixed assets, the local must maintain an inventory or similar record identifying each fixed asset and the approximate value of each asset. Such records are required to be retained to verify, clarify, and support information required to be reported on the union's LM-3.

Based on your assurance that Local 241 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 LM-3 filed by Local 241 for fiscal year ending December 31, 2012, 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 241 gave away various types of electronics to Goodwill. Local 241 maintained a list of the description of all items that were given away. 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. In the case of the local's donation to Goodwill, the additional information provided should include the identification of the items given away, the approximate value of the items (if the items are valued at \$0, that should be indicated as well), and Goodwill should be identified as the recipient of the donation.

2. Benefit Payments

During the year, Local 241 disbursed payments to the USPS Disbursing Agent for employer contributions to your pension and health and welfare benefits totaling almost \$15,000. Local 241 also disbursed over \$2,600 to the APWU for employer contributions to your thrift savings plan. However, Local 241 reported only \$11,183 in Item 50 (Benefits). Local 241 erroneously included some payments for benefits as either Office and Administrative expenses in Item 48 or as Other Disbursements in Item 54.

The total of all direct and indirect benefit disbursements made by your organization are required to be reported in Item 50. Direct benefit disbursements are those made to officers, employees, members, and their beneficiaries from your organization's funds. Indirect benefit disbursements are those made from your organization's funds to a separate and independent entity, such as a trust or insurance company, which in turn and under certain conditions will pay benefits to the

covered individuals. An example of an indirect benefit disbursement is the premium on group life insurance.

3. Disbursements to Officers

Local 241 failed to include reimbursements to you totaling almost \$300 as well as meal expenses charged by you on the union credit card totaling approximately \$110 in the amounts reported Item 24 (All Officers and Disbursements to Officers). Local 241 disbursed checks to you for the reimbursement of supplies for the office (soda and water) and you also charged several meal expenses to the union credit card for which you (and occasionally other officers) were present; however, Local 241 reported \$0 in Item 24, Column E (Allowances and Other Disbursements). It appears these payments were erroneously included in the amounts reported in Items 48 (Office and Administrative) and/or Item 54 (Other Disbursements). In addition, Local 241 erroneously included a disbursement to Treasurer Anderson for the purchase of a union computer (approximately \$600) in the figure reported in Column E. This amount should have been reported as a disbursement for a fixed asset in Item 52 (Purchase of Investments and Fixed Assets).

Most direct disbursements to Local 241 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. These payments would include those to you for the purchase of water and soda for the union office. However, there are several types of direct payments to officers that are not to be included in Item 24, including the reimbursement to an officer for the purchase of a fixed asset, such as the disbursement to Treasurer Anderson for a laptop for the union. See the instructions for Item 24 for a discussion of other 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. This would include disbursements to the credit card company for meal charges incurred charged by you to the union credit card. 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).

4. Fixed Assets

Local 241 failed to include the value of some of its fixed assets in the amount reported in Item 29 (Fixed Assets). As noted above, Local 241 failed to keep adequate records identifying some of the union's fixed assets, and the amounts reported in Item 29 (Fixed Assets) therefore appear to be understated.

I am not requiring that Local 241 file an amended LM report for 2012 to correct the deficient items, but Local 241 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Credit Card Policy

During 2012, Local 241 disbursed more than \$19,000 to Summit Credit Union for union credit card charges incurred by you; however, Local 241 has no written policy governing the use of the credit card. To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish a written policy that outlines the best practices for monitoring credit card use and administering payments within your union. OLMS recommends that unions (1) adopt clear policies and procedures for credit card use and payment, (2) maintain detailed documentation to support each credit card charge and credit card payment, and (3) regularly monitor compliance with the established credit card policies and procedures. Please see the attached compliance tip regarding union credit card policies for additional information.

I want to extend my personal appreciation to American Postal Workers Local 241 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: Mr. Dale Anderson, Treasurer
Ms. Carla Riffle, Vice President
Mr. Jeff Freidel, Trustee
Ms. Erin Johnson, Trustee
Ms. Patricia Pasell, Trustee