



August 14, 2018

Mr. Ron Berg, President  
Letter Carriers, Rural, AFL-CIO, State Association 51  
[REDACTED]

Case Number: 320-6012654 [REDACTED]  
LM Number: 089050

Dear Mr. Berg:

This office has recently completed an audit of the Wisconsin Rural Letter Carriers' Association (WIRLCA) 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 Robert Lueck, Secretary-Treasurer Ellen Pulver, Assistant Secretary-Treasurer Dawn Pingel, Executive Committee Chairperson Susan Tiffany, and Executive Committeepersons Jason Johnson and Frances Smidt on July 31, 2018, 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 WIRLCA's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

The WIRLCA did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Ms. Pulver, Mr. Lueck, former President Charles Groth, and you totaling at least \$3,641. For example, adequate supporting documentation was not retained for a \$23.75 reimbursement to Ms. Pulver for postage charges she incurred sometime before March 1, 2017. In support of this payment, the WIRLCA only retained a voucher, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$2,395.11 charge you made at the Gaylord Opryland Hotel in Nashville, TN on August 25, 2016 for expenses related to the WIRLCA "Wisconsin Breakfast" that took place during the 2016 National Rural Letter Carriers Association National Convention. In support of this expense, the WIRLCA only retained a credit card statement, which is not sufficient.

The WIRLCA's records of meal expenses did not always include itemized receipts. For example, an itemized receipt was not retained for a \$125 meal expense incurred by Mr. Groth at Ingman's Parkway Pub in Tomahawk, WI on September 29, 2016. In support of this expense, the WIRLCA only retained a voucher and a non-itemized receipt, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. 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. 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. Reimbursed Auto Expenses

Ms. Pulver and Mr. Lueck received reimbursement for business use of their personal vehicles but did not retain adequate documentation to support payments to them totaling at least \$987 during the audit period. Ms. Pulver's mileage reimbursements were claimed on expense vouchers that normally identified the locations traveled from, total mileage expenses, the total miles driven, the number of miles driven each day, and the union business conducted; however, the expense vouchers were insufficient because they either failed to identify the locations traveled to or the dates of travel. Mr. Lueck's mileage reimbursement was claimed on an expense voucher that identified the date of travel, the location traveled from, the total mileage expense, the total miles driven, the number of miles driven each day, and the union business conducted; however, the expense voucher was insufficient because it failed to identify the location(s) traveled to. The union 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.

### 3. Failure to Maintain Receipt Records and Receipt Dates Not Recorded

The audit revealed that the WIRLCA did not retain deposit receipts received from the Atlanta Postal Credit Union totaling at least \$10,330 during the audit period. In addition, entries in the WIRLCA's QuickBooks general ledger reflect the date the union deposited money, but not the date money was received for retiree dues, a reimbursement received from the WIRLCA Auxiliary, and payments received from members attending WIRLCA meals totaling at least \$11,555. Union 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 LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

As previously noted, 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.

Based on your assurance that the WIRLCA 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(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. The WIRLCA amended its constitution in 2016, but did not file a copy with its LM report for that year. The WIRLCA has now filed a copy of its 2016-17 Constitution.

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 the WIRLCA for fiscal year ended June 30, 2017 was deficient in that:

#### Disbursements to Officers

The audit revealed that the WIRLCA did not include gross salary payments to Mr. Groth totaling at least \$1,625 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). The WIRLCA's disbursements records indicate that Mr. Groth

received gross salary of \$14,793; however, the total amount reported in Column D of Item 24 for Mr. Groth was \$13,168.

In addition, the WIRLCA over reported allowances and other disbursements to officers totaling at least \$6,497 in the amounts reported in Column E (Allowances and Other Disbursements) of Item 24. The WIRLCA's disbursements records indicate that Mr. Groth, Ms. Pulver, and you received reimbursed expenses totaling \$13,382; however, the total amount reported in Column E of Item 24 for Mr. Groth, Ms. Pulver, and you was \$19,879. At the exit interview, you stated that the WIRLCA's accountant appears to have mistakenly reported some indirect disbursements the WIRLCA made for officers' lodging and other expenses in Item 24, rather than in Item 48 (Office and Administrative Expense) and/or Item 54 (Other Disbursements).

The union must report most direct disbursements to WIRLCA 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 for room rent only) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48.

I am not requiring that the WIRLCA file an amended LM report for 2017 to correct the deficient items, but the WIRLCA has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to the Wisconsin Rural Letter Carriers' Association 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Ms. Ellen Pulver, Secretary-Treasurer