

U.S. Department of Labor  
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June 11, 2018

Ms. Nannette Corley, President  
American Postal Workers Union  
8501 Atlas Drive  
Gaithersburg, MD 20877

Case Number: 450-6010317 [REDACTED]  
LM Number: 072322

Dear Ms. Corley:

This office has recently completed an audit of American Postal Workers Union 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 June 6, 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 disbursements 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 3630's 2016 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 3630 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers totaling at least \$17,404.84. For example, the union did not maintain records for the payroll authorization from Automatic Data Processing (ADP) for salary and lost time payments for union officers, Local 3630 did not maintain a receipt for the \$10,321.09 payment to Walt Disney World Swan Resort for

the 23<sup>rd</sup> Biennial National Conference, and the union did not maintain receipts for the reimbursement of \$1,500 to President Corley for the 2016 Christmas party.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

During the exit interview, I provided compliance tip sheets, *Authorization and Documentation of Expenditures* and *Union Credit Card Policy*, that contained recommended documentation policies and procedures for recurring and non-recurring expenditures via check and debit/credit cards. The tip sheets identifies the type of documentation that the local must maintain for debit and check expenses for the local.

## 2. Lost Wages

Local 3630 did not retain adequate documentation for lost wage reimbursement payments to former Treasurer Sharon Henderson and President Corley totaling at least \$5,703.93. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 3630 officers did not always include lost wage vouchers and/or United States Postal Service (USPS) Form 3971 or identify on the lost wage vouchers the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 3630 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.

Based on your assurance that Local 3630 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 3630 for the fiscal year ended December 31, 2016, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 3630 included a reimbursement outside of the audit period and some debit payments credited to President Corley totaling at least \$305.25 in the amount reported in Item 24 (All Officers and Disbursements to Officers). The debit payments should have been reported in Item 48 (Office and Administrative Expense) and the reimbursement should have been reported in the fiscal year ending December 31, 2017.

The union must report most direct disbursements to Local 3630 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 Expenses).

## 2. 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 3630 amended its constitution and bylaws in 2015, but did not file a copy with its LM report for that year. Local 3630 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 3630 file an amended LM report for 2016 to correct the deficient items, but Local 3630 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to American Postal Workers Union Local 3630 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. Abel Mawolo, Treasurer