



July 16, 2010

Mr. Scott Van Derven, President  
Wisconsin State Association of Letter Carriers  
2339 N. 62nd Street  
Wauwatosa, WI 53213

Case Number: [REDACTED]  
LM Number: 081567

Dear Mr. Van Derven:

This office has recently completed an audit of Wisconsin State Association of Letter Carriers (WSALC) 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, Treasurer James Wolff, and Secretary Bonnie Alsup on June 18, 2010 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 WSALC's 2009 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$2,500 during 2010. WSALC requires all officers and employees complete a voucher for all expenses, including mileage. Many of the vouchers did not identify the dates of travel, or destinations traveled to and from, or the union business purpose of the travel.

WSALC 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.

## 2. Per Diem Payments

During the audit year, WSALC disbursed over \$1,000 to union officers and employees for per diem for business travel. Article VI, Section 8 of the WSALC by-laws provides that “meals shall be paid at the allowable rate as determined by the IRS for that calendar year for each geographical area. Where a full day is not needed, the meal per diem shall be on a pro rata basis.” All per diem claims were documented on an expense voucher. The vouchers included the total per diem amount paid and the union business purpose; however, the vouchers maintained by WSALC failed to identify the dates of travel, the destinations traveled to, as well as the daily per diem rate.

In the case of per diem payments to officers for travel on union business, WSALC must maintain records which identify the business purpose of each trip, the dates of travel, the destination, and the per diem rate paid.

## 3. Lost Wages

WSALC did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$3,800. Records must be maintained 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 audit found that although all lost wage claims were documented on a voucher that generally included the number of hours, the wage rate, and the union business purpose, the vouchers failed to identify the dates on which lost wages were incurred.

Based on your assurance that WSALC 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 WSALC for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Per Capita Tax Receipts

The audit revealed that WSALC received more than \$54,000 in per capita tax payments from the National Union on behalf of all NALC branches affiliated with WSALC in 2009. However, the WSALC erroneously reported the per capita tax receipts as dues in Item 38.

Article IV, Section 1 provides that "the revenue of this Association shall be derived from a per capita tax of three percent (3%) rounded to the next whole cent of the minimum dues structure as established by the National Association of Letter Carriers for each active member of the various branches in good standing." Page 12 of the LM-3 instructions advises that all per capita tax received by your organization must be reported in Item 39 (Per Capita Tax).

2. Disbursements to Officers

WSALC did not include some reimbursements to officers totaling at least \$2,700 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, union disbursement records revealed that during the audit year, former President [REDACTED] received expense payments totaling \$5,512. However, only \$3,379 was reported next to his name in Item 24, Column E (Allowances and Other Disbursements). During the exit interview, Treasurer Wolff explained that the additional payments to [REDACTED] were reported in Item 54 (Other Disbursements).

Most direct disbursements to WSALC 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. 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).

I am not requiring that WSALC file an amended LM report for 2009 to correct the deficient items, but WSALC has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Lost Wage Policy

During the opening interview, Secretary Alsup and Treasurer Wolff advised that WSALC pays wages to officers and employees for their personal time spent attending to union business. For example, officers are required to attend the spring and fall conferences. If the dates of the conference fall on dates when they were not scheduled to be working, the WSALC will still pay the officer a day of wages for each day of the conference (Sundays excluded). Although this policy is not in writing, Secretary Alsup and Treasurer Wolff both stated that this is the policy that WSLAC has abided by for at least the past twelve years.

Article VI, Section 10 of the WSALC by-laws provides that “the association shall pay an equivalent of the hourly wage of City Carrier Grade 2, for each hour used by State Officers or Designees, except Sundays, while performing State Association duties, such as meeting or seminars, under the direction of the State President, to a maximum of eight hours per day. There will be a maximum accumulated total of two thousand five hundred (2,500) hours of LWOP (leave without pay) per biennium.” The last part of this provision implies that the hours that are referenced in the first sentence are hours that an officer or designee has lost (LWOP) from the Postal Service. Both Secretary Alsup and Treasurer Wolff advised that the policy does not strictly prohibit the payment of wages for personal time. However, they both agreed that the policy is vague at best and needs to be clarified to include a provision that authorizes the payment of wages for personal time. OLMS recommends that, to ensure effective control over union finances, the WSALC review its policies and practices regarding payments for lost wages and personal time to ensure authorization of those types of disbursements is properly documented in union records and is consistent with the union’s actual practices.

I want to extend my personal appreciation to Wisconsin State Association of Letter Carriers 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. James Wolff, Treasurer  
Ms. Joan Spencer, Board Member at Large