



December 22, 2011

Mr. Daniel West, Financial Secretary
Postal Workers, American, AFL-CIO
Local 374
PO Box 374
Buffalo, NY 14240

Case Number: [REDACTED]
LM Number: 072-031

Dear Mr. West:

This office has recently completed an audit of APWU Local 374 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 Treasurer Lisa Sova and you on December 15, 2011, 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 374's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 374 did not retain adequate documentation for general expenses and payments during the fiscal year on a few occasions. Receipts were not retained from Mineo's Pizza and the Bison City Rod and Gun Club totaling at least \$226. In addition, no receipt was retained from the USPS for \$44.

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. Meal Expenses

Local 374 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$33. In addition, Vice President Joseph Tricoli received \$84 for meals and incidental expenses without providing receipts or an explanation for the expense. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Union 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. If meal and incidental expenses are provided to officers for travel, the dates, location, and purpose should also be identified.

3. Lost Wages

Local 374 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$4,000. 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 374 officers and employees are required to maintain leave slips which typically includes the date, numbers of hours lost, their applicable rate of pay, and a description for the loss, however on at least seven instances, leave slips were not maintained and included in the union's records.

4. Information not Recorded in Meeting Minutes

During the audit, OLMS was advised that the executive board was canvassed for authorization of a large expense of \$1,000 to a member who experienced a house fire. While there were no records to support the payment, there was also no written authorization for the payment in the executive board or membership meeting minutes.

Minutes of all membership or executive board meetings should be retained and be sufficiently descriptive. Minutes must report any disbursement authorizations made at those meetings. It is the union's responsibility to maintain these minutes in accordance with the recordkeeping requirement of Title II of the LMRDA.

Based on your assurance that Local 374 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-2) filed by Local 374 for the fiscal year ended December 31, 2010, was deficient in the following area:

Disbursements to Officers and Employees (LM-2)

Local 374 did not properly report payments to some officers and did not report some payments totaling at least \$3,600 in Schedule 11 (All Officers and Disbursements to Officers). In addition, the union improperly reported the Administrative Aide as an officer position on Schedule 11, when in fact the position is not considered an officer position, as defined by the LMRDA. Payments to the Administrative Aide should be reported in Schedule 12 (Disbursements to Employees).

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 374 file an amended LM report for 2010 to correct the deficient items, but Local 374 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 374 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,

[REDACTED]

Investigator

cc: Ms. Lisa Sova, Treasurer
Mr. Frank Resetarits, President
[REDACTED] Toski & Shaeffer