



January 11, 2011

Mr. Charles Bader, Secretary-Treasurer  
Postal Workers, American, AFL-CIO (APWU)  
Local 247  
15 Iowa Ave.  
Colorado Springs, CO 80935

Case Number: [REDACTED]  
LM Number: 506-084

Dear Mr. Bader:

This office has recently completed an audit of APWU Local 247 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, President Rob Preston, and the union's attorney Richard Rosenblatt on December 16, 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 Violation

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 247s fiscal year ended March 31, 2010 records revealed the following recordkeeping violation:

#### Credit Card Expenses

Local 247 did not retain adequate documentation for nine credit card transaction expenses incurred by union officers totaling at least \$1,757. For example, two credit card transactions on September 23, 2009 to the Las Vegas Hilton and totaling \$949.76 appeared on the credit card statement but had no supporting documentation.

As previously 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.

Based on your assurance that Local 247 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 247 for fiscal year ending March 31, 2010, was deficient in the following areas:

##### 1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

##### 2. Receipts

It appears that the receipt figures reported in Items 38-44, are not the receipt figures according to the union's books, after consolidation with Local 247 Building Corporation and reconciliation to the bank statements.

##### 3. Disbursements

It appears that the disbursement figures reported in Items 45-55, are not the disbursement figures according to the union's books, after consolidation with Local 247 Building Corporation and reconciliation to the bank statements.

Local 247 must file an amended Form LM-3 for fiscal year ending March 31, 2010, to correct the deficient items discussed above. I will provide you with a blank form and instructions upon request, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than January 31, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Expense Policy

As I discussed during the exit interview with you, President Rob Preston, and the union's attorney Richard Rosenblatt, the audit revealed that Local 247 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to APWU Local 247 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. Rob Preston, President