



September 21, 2012

Ms. Rhonda Helsley, Treasurer
APWU Local 2023
PO Box # 2682
Winchester, VA 22604-1882

Case Number: [REDACTED]
LM Number: 506118

Dear Ms. Helsley:

This office has recently completed an audit of American Postal Workers Union (APWU) Local 2023 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 and President Tonja Hewlett on September 11, 2012, 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 2023's 2011 records revealed the following recordkeeping violations:

1. General Union Expenses

Local 2023 did not retain adequate documentation for some union expenses. For example, on November 23, 2011, check # [REDACTED] for \$617.35 was disbursed to the Winchester Star newspaper. There were no receipts for the purchase of the ad and a copy of the ad was not maintained in the union's records.

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 2023 did not retain receipts for some meal expenses. All meal receipts must be retained.

Local 2023 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. 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. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Information not Recorded in Meeting Minutes

During the audit, the union advised that the membership authorized prize money for a bowling event that it held during the fiscal year. The membership meeting minutes indicate that the bowling tournament prize money was approved; however, the amount that was approved was not recorded in the meeting minutes. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Prizes Given Away to Members at Union Sponsored Events

Local 2023 did not maintain any records to explain the distribution of \$500 provided to a union officer for prizes at its annual bowling tournament. Union disbursements records must include an adequate identification of all money the union disburses. The records should show who received prize money, the date the money was disbursed, and the amount that was disbursed.

Based on your assurance that Local 2023 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-4 filed by Local 2023 for the fiscal year ended December 31, 2011, was deficient in that:

Total Disbursements to Officers (LM-4)

Local 2023 reported \$5,123 for Total Disbursements to Officers and Employees [Item 18] on its LM-4 report for fiscal year ending December 31, 2011. OLMS determined that Local 2023 should have reported \$6,252 in Item 18. The union must report all direct and indirect disbursements to Local 2023 officers and employees in Item 18.

I am not requiring that Local 2023 file an amended LM report for 2011 to correct the deficient item, but Local 2023 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. Local 2023's officers and employees are currently bonded for \$2,500, but they must be bonded for at least \$3,586. Local 2023 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 31, 2012.

Other Issues

1. Former Union Officer Listed on Union Account

The audit disclosed that former Local 2023 Treasurer Edgar Hieshman was listed on the union's certificate of deposit (CD) held at [REDACTED]. Prior to the conclusion of the audit, Local 2023 removed Hieshman's name from the account. Only current officers should be listed on the union's bank accounts.

2. Signing Blank Checks

During the audit, you advised that on occasion, union officers sign blank checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 2023 review these procedures to improve internal control of the union's finances.

I want to extend my personal appreciation to APWU Local 2023 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 solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Tonja Hewlett, President