



January 16, 2014

Ms. Cherryl Belton, Secretary-Treasurer
APWU Virginia State Association
PO Box 13059
Chesapeake, VA 23325-3059

Case Number: 450-4512918
LM Number: 087907

Dear Ms. Belton:

This office has recently completed an audit of the American Postal Workers Union (APWU) Virginia State Association 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 President Annette August-Taylor and you on January 3, 2014, 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.

Reporting 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 the APWU Virginia State Association's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses to Union Officers

The APWU Virginia State Association did not retain adequate documentation for reimbursed expenses incurred by President [REDACTED] in several instances. For example, check # [REDACTED], dated June 21, 2010, for \$91.96 to [REDACTED] had "Telephone Bill" on the memo line of the check. The union only kept the cover page of the telephone bill and not the entire bill which included the usage or call log.

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. Lost Wages

The APWU Virginia State Association did not retain adequate documentation for lost wage reimbursement payments to union officers in several instances. 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 union records did not always include the number of hours worked on each day and a description of the work done on that day. In addition, the description given in some instances was not specific enough to describe 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 the union 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.

3. Failure to Record Receipts

The audit revealed that the APWU Virginia State Association failed to record the source of receipts associated with social events including money collected for conferences and conventions. The audit also revealed the union collected receipts for ad space it sold to vendors and third parties in the Virginia State Convention booklet, but failed to maintain a copy of the booklet so that it could be verified that all of the receipts from ad space sold were properly deposited in the union's bank account. Union receipts records must include an adequate identification of all the money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that the APWU Virginia State Association 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 the APWU Virginia State Association for the fiscal year ended March 31, 2011, was deficient in the following area:

Failure to Properly Record Interest

The APWU Virginia State Association reported its interest earned for fiscal year 2011 in Item 42 (Other Receipts). All interest earned by the union should be reported in Item 41 (Interest and Dividends).

I am not requiring that the APWU Virginia State Association file an amended LM report for 2011 to correct the deficient items, but the APWU Virginia State Association has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Lost Time Policy

As I discussed during the exit interview with President August-Taylor and you, the audit revealed that the APWU Virginia State Association does not have a clear documented lost time policy regarding when officers can be paid for time spent working on union matters. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to the APWU Virginia State Association 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