



May 13, 2014

Ms. Jill Giddings, Treasurer  
APWU Local 239  
2516 E. Cook St.  
P.O. Box 2521  
Springfield, IL 62708-2521

Case Number: 310-6000019 [REDACTED]  
LM Number: 071538

Dear Ms. Giddings:

This office has recently completed an audit of APWU Local 239 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 on May 7, 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.

#### 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 239's 2012 records revealed the following recordkeeping violations:

#### General Reimbursed and Credit Card Expenses

Local 239 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$2,376.72. For example, check # [REDACTED] payable to [REDACTED] for \$500.00 and a credit card transaction

incurred on May 1, 2012 at Staples Office Supplies for \$124.17 did not have adequate supporting documentation.

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.

Based on your assurance that Local 239 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

### 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 239 for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. Employee Salary and Expenses Totaling More Than \$10,000.00

Item 17 (Pay any employee salary, allowances, and other expenses which, together with any payments from affiliates, totaled more than \$10,000.00?) was incorrectly checked "Yes". Although Item 56 disclosed that President O'Connell, an officer of the union, received more than \$10,000.00 in salary, the audit revealed that no employee of the union received more than \$10,000.00. Item 17 should have been checked "No".

2. Disbursements to Officers

Local 239 did not include some reimbursements to officers totaling at least \$5,877.23 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses) and Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 239 officers and some indirect disbursements made on behalf of its officers 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).

3. Disbursements to Employees

Local 239 reported the names and salaries of some employees, who are union stewards, in Item 24 (All Officers and Disbursements to Officers). The union should have reported disbursements to employees in Item 46 (To Employees).

The union must report in Item 46 the total of all salaries, allowances, and travel advances and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc.) to employees of your organization. Include disbursements to individuals other than officers who received lost time payments even if your union does not consider them to be employees or does not make any other direct or indirect disbursements to them.

4. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 239 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year. However, Local 239 filed a copy of its constitution and bylaws during the compliance audit.

Local 239 must file an amended Form LM-3 for the fiscal year ended December 31, 2012 to correct the deficient items discussed above. Because your union recently filed its 2013 report with the same reporting violations, Local 239 must also file an amended Form LM-3 for the fiscal year ended December 31, 2013. I encourage Local 239 to complete, sign, and file its reports electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Forms LM-3 should be filed electronically no later than May 30, 2014 or submitted to this office at the above address by the same date. Before filing, review the reports thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to APWU Local 239 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: James O'Connell, President