



November 22, 2016

Mr. Adam Miller, Secretary Treasurer
APWU Local 535
PO Box 2601
Zanesville, OH 43702-2601

Case Number: 350-6006949
LM Number: 071646

Dear Mr. Miller:

This office has recently completed an audit of APWU Local 535 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 November 21, 2016, 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 535's 2015 records revealed the following recordkeeping violations:

1. General Receipts and Disbursement Records

APWU Local 535 was missing certain records and/or receipts and invoices for some of its receipts and disbursements. A receipt/invoice for its payment to the Hampton Inn in

Oxford, Ohio for the Tri-State Stewards School was not in the union's records. The union must maintain itemized receipts and/or invoices provided by merchants and vendors. 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.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. 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

Local 535 did not retain adequate documentation for lost wage reimbursement payments to Vice President [REDACTED] totaling at least \$1,328.96. 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 535, while maintaining lost wage vouchers that listed the lost time [REDACTED] incurred, did not include on the vouchers the union business conducted by [REDACTED].

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 535 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.

Based on your assurance that Local 535 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 535 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Disbursements to Officers

APWU Local 535 did not include some disbursements and/or reimbursements to officers totaling at least \$727.03 in the amounts reported in Item 24 (All Officers and

Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 535 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).

2. Officers Salary Deductions Not Entered

The payroll deductions of approximately \$570.82 taken from the officers of Local 535 are not reported on Item 24, Line 10. Instead, the full amount of the officers’ salary, including deductions, is reported on both Item 24, Line 11, and on Item 45. The payroll deductions from the officers should be reported under Item 24, Line 10.

3. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, “Yes,” because the union gave away watches and gift cards totaling \$2,213.40 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.” In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 535 file an amended LM report for 2015 to correct the deficient items, but Local 535 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 535 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]
Senior Investigator

cc: [REDACTED], President