



September 7, 2017

Mr. Al Davidson, President
American Postal Workers Union Local 185
102 West Tidwell Road
Houston, TX 77022

Case Number: 420-6008663 [REDACTED]
LM Number: 507004

Dear Mr. Davidson:

This office has recently completed an audit of American Postal Workers Union (APWU) Local 185 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 Bookkeeper Dea Albertson on May 17, 2017, 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 185's records for fiscal year ending 2015, revealed the following recordkeeping violations:

1. Meal Expenses

Local 185 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.

The OLMS Compliance Tips, Reimbursed Travel Expense Payments and Union Credit Card Policy, which I provided during the exit interview, will provide further guidance on this matter.

2. Credit Card Expenses

Local 185 did not retain adequate documentation for credit card expenses incurred by union officers and employees, totaling at least \$559. As noted above, labor organizations must retain original itemized 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.

The OLMS Compliance Tip, Union Credit Card Policy, which I provided during the exit interview, will provide further guidance on this matter.

3. Disposition of Property

Local 185 did not maintain an inventory or record of items that were purchased and given away to members, such as Kroger gift certificates and Universoul Circus tickets, for membership appreciation. In the case of items given away to members, the union must retain records that identify the date the items were given away, the recipients of those items, and account for any unused items.

4. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them, totaling at least \$287 during 2015. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

The OLMS Compliance Tip, Reimbursed Travel Expense Payments, which I provided during the exit interview, will provide further guidance on this matter.

Based on your assurance that Local 185 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-2 filed by Local 185 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. 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 changes are made to the constitution or bylaws. Local 185 amended its constitution and bylaws in 2015, but did not file a copy with the LM report for that year.

Local 185 has now filed a copy of its constitution and bylaws with OLMS.

2. Building Maintenance/Repairs Reported as Investments

Local 185 improperly reported building maintenance/repairs, totaling at least \$40,600 in Schedule 4 (Purchase of Investments and Fixed Assets). The LM-2 instructions require these expenses should be reported in Schedule 18 (General Overhead).

I am not requiring that Local 185 file an amended LM report for 2015 to correct the deficient items, but Local 185 has agreed to properly report the deficient items on all future reports filed with OLMS.

I want to extend my personal appreciation to American Postal Workers Union Local 185 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