



September 13, 2017

Mr. Michael Tomczyk, President
Postal Workers Local 4532

Case Number: 320-6011352 [REDACTED]
LM Number: 071459

Dear [REDACTED]:

This office has recently completed an audit of Postal Workers Local 4532 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 Treasurer Linda Maly on September 12, 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 4532's 2016 records revealed the following recordkeeping violations:

1. Reimbursed Automobile 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 \$4,500 during the audit year. Although mileage claims were generally documented on an a "Wausau Area Local 4532 Expense Form," the information provided on the form failed to identify the specific dates of travel, the locations travelled to and from, and the union business purpose of the travel.

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.

2. Credit Card Expenses

Local 4532 did not retain adequate documentation for credit card expenses incurred by union officers totaling at least \$1,600. For example, there was a charge on the union's card to United on May 4, 2016 for \$395.20; however, Local 4532 did not maintain any supporting documentation for this expense other than an annotation of "National Convention" on the corresponding expense form, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. In the case of payments to a credit card company, Local 4532 must keep both the credit card statement and the corresponding supporting documentation for each charge. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Per Diem Payments

Local 4532 officers generally documented claims for per diem on the "Wausau Area Local 4532 Expense Form." However, the expense forms prepared and maintained for per diem payments totaling more than \$900 are not adequate because the forms failed to identify the dates of travel and the locations of travel.

In the case of per diem payments to officers and employees for travel on union business, Local 4532 must maintain records which identify the business purpose of each trip, the dates of travel, the location of the travel, and the per diem rate claimed for each date of travel.

Based on your assurance that Local 4532 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 4532 for the fiscal year ended December 31, 2016 was deficient in the following area:

Disbursements to Officers

Local 4532 did not include some reimbursements to officers totaling at least \$1,700 in the amounts reported Item 24 (All Officers and Disbursements to Officers). Branch Local 4532's records indicate that you received reimbursement payments from Local 4532 totaling \$5,173 and Ms. Maly received \$402 for the reimbursement of her expenses. However, the total amounts reported in Column E (Allowances and Other Disbursements) for you and Ms. Maly were \$3,846 and \$0 respectively. Ms. Maly advised that she erroneously reported these payments in Item 48 (Office and Administrative) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 4532 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 for room rent only) 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).

I am not requiring that Local 4532 file an amended LM report for 2016 to correct the deficient items, but Local 4532 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Credit Card Policy

The audit revealed that although Local 4532 disbursed more than \$10,000 in union funds for purchases made on the union's credit card, Local 1346 has no written policy governing the use of the union credit card. To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish a written policy that outlines the best practices for monitoring credit card use and administering payments within your union. OLMS recommends that unions (1) adopt clear policies and procedures for credit card use and payment, (2) maintain detailed documentation to support each credit card charge and credit card payment, and (3) regularly monitor compliance with the established credit card policies and procedures. During the exit interview, a compliance tip regarding credit cards was provided.

I want to extend my personal appreciation to Postal Workers Local 4532 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: Ms. Linda Maly, Treasurer
Mr. Mark McClure, Vice President