



November 7, 2023

Karen Byars, President  
Postal Workers, Dayton Area Local  
7250 Poe Ave Suite 100  
Dayton, OH 45414

Case Number: 350-6027540( )  
LM Number: 506-176

*SENT VIA ELECTRONIC MAIL ONLY TO:* [REDACTED]

Dear Ms. Byars:

This office has recently completed an audit of the Postal Workers, Dayton Area Local, 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 Sharon Browne on November 17, 2023, 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 the Dayton Area Local's 2022 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

You, Clerk Director Amy Thorpe, and Maintenance Director Donald Adams received reimbursement for business use of personal vehicles but did not retain adequate documentation to support payments totaling at least \$235.20 during 2022. 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. Failure to Record Receipts & Receipt Dates not Recorded

The Dayton Area Local did not maintain receipts records or books for dues deposits made during the year. The receipts consist of dues directly deposited in the account and interest earned totaling at least \$143,327.54. 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 date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Rental Expenses

The Dayton Area Local did not retain adequate documentation for lease payments for office space totaling at least \$20,645. Your union should maintain invoices and lease agreements to help explain or verify the accuracy of the payments.

4. Information not Recorded in Meeting Minutes

During the audit, Treasurer Browne advised OLMS that the executive board and membership authorize all expenses and disbursements at the monthly meetings. Article VIII Section III of your constitution requires that all expenditures other than necessary supplies and provisions be authorized by the membership; except for unusual circumstances and for the benefit of the union, the executive board will have the authority to do this; and such action shall be reported at the next meeting and an explanation of such action. However, the Dayton Area Local did not maintain minutes that detail authorizations or votes. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local Dayton Area 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 (LM-3) filed by the Dayton Area Local for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Disbursements to Officers

The Dayton Area Local did not include some reimbursements to officers totaling at least \$1,200.68 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46.

The union must report most direct disbursements to the Dayton Area Local's 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. Cash Balances

The Dayton Area Local did not include all cash in Item 25 (Cash). Funds held in all checking and savings accounts are cash. For fiscal year 2022, your union reported a cash beginning balance of \$76,008.00 and an ending balance of \$71,366.00. However, the actual beginning balance was approximately \$158,609.73 and the approximate ending balance was \$155,458.59.

3. Leave Liabilities

The Dayton Area Local failed to report in Item 35, Other Liabilities, that liability owed to you for unused annual leave. As of December 31, 2022, the Dayton Area Local has \$57,225.03 reserved for payment to you upon your departure from office.

4. Organization's Records

The Dayton Area local answered "Yes" on the LM-3 Item 9 that the organization's records are stored at the mailing address, P.O Box 123, Dayton, Ohio 45401-0123. The organization's records are kept at the union office, 7250 Poe Ave Suite 100, Dayton, Ohio 45414. The LM-3 instructions require that if the records are kept at another address,

answer "No" and provide in Item 56 (Additional Information) the address where the labor organization's records are kept.

The Dayton Area Local must file an amended Form LM-3 for the fiscal year ended December 31, 2022, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-3 must be filed no later than December 8, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

### Other Issues

#### 1. Expense Policy

As I discussed during the exit interview with you and Treasurer Browne, the audit revealed that the Dayton Area Local does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

#### 2. Duplicate Receipts

The Dayton Area Local withholds dues from Clerk Director Thorpe's salary when issuing checks in the union's ADP software, but the local does not issue a receipt or equivalent record to Thorpe. OLMS recommends that the Dayton Area local use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

#### 3. Signing Blank Checks

During the audit, OLMS was advised that you and Treasurer Browne sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that the Dayton Area local review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to the Postal Workers Union, Dayton Area Local, 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]

Investigator

cc: Sharon Browne, Treasurer