

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
1100 Main Street, Suite 950
Kansas City, Missouri 64105-5143
Telephone: 816/502-0290 Fax: 816/502-0288



March 10, 2005

Mr. Danny Kemerling
Letter Carriers, Rural
Missouri SA
26373 275th Street
Fairfax, Missouri 64446

Dear Mr. Kemerling:

This office has recently completed an audit of Missouri State Association of Rural Letter Carriers 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 March 7, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Missouri State Association's 2004 records:

In few instances, receipts were not maintained for individual disbursements. Check numbers 6139 and 6140 had no relevant back-up documentation or receipts accompanying the check stub. These receipts must be maintained.

With respect to documentation retained in support of specific credit card disbursements, the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the receipts of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficient descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements. Although all receipts were maintained and attached to credit card statements, the purpose of the disbursements was not always clear. Some sort of documentation should identify the the nature of the business for which the disbursement was made, even if it is a simple handwritten explanation on the back of the receipts.

As agreed, provided that Missouri State Association maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

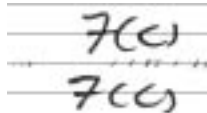
The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than ten percent of the total funds handled by those individuals or their predecessor during the preceding fiscal year. Missouri State Association officers and employees were bonded for \$60,000 as of January 2004; they should have been bonded for at least \$72,858.92 at the end of the 2004 fiscal year. The union should obtain adequate bonding coverage for its officers and employees as soon as possible. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

The CAP disclosed a violation of LMRDA Section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by the Missouri State Association for fiscal year ending June 30, 2004, failed to accurately reflect the financial state of your union. Although the report met the standards of acceptability, the reported numbers for beginning cash, receipts, and disbursements were inaccurate when compared with the financial records of the union.

The purpose of these reports is to offer accurate financial disclosure to the members of your union; therefore it will be necessary for the Missouri State Association to file an amended LM-2 report for 2004 to correct the deficient items discussed above. I have spoken with your accountant and offered my assistance in completing the report. The report should be submitted to this office at the above address as soon as possible. If it will not be completed by April 18, 2005, I ask that you contact me with an update on your progress. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, or in helping you complete your reports, please call me at 816/502-0284.

Sincerely,

The image shows two lines of a handwritten signature, which appears to be 'FCC', written in dark ink on a light background.

Investigator

Cc: Terrilyne L. Stockton

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Cc:

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