

U.S. Department of Labor

Employment Standards Administration
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July 29, 2005

Donald Sheehan
President
American Postal Workers Union, Local 3844
P.O. Box 1455
Brockton, MA 02301-1455

Re: : ✓

Dear Mr. Sheehan:

This office has recently completed an audit of APWU Local 3844 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 Vice-President John Principe on June 27, 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.

Record Keeping Violations

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 violations were revealed during the audit of Local 3844's records:

Former Secretary [redacted] took a large portion of the union's records with him to Florida when he retired from the Postal Service and the union. Upon his departure, union officers were unable to secure most of the missing records from [redacted]. As a result, union officers failed to retain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses which were direct-paid by the union. Union officers also failed to keep adequate receipts records, including deposit records of employer dues check-off checks. Some statements of bank accounts and corresponding cancelled checks and debit and credit memos were also missing.

Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.

With regards to union disbursements, the date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded. 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 recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently 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.

Union officers also failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained. In addition, some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must 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. Lastly, there was no system of accountability in place with regards to the administration of lost wage claims – only one signature was present on lost time vouchers, most often the signature of the officer who was claiming for lost wages.

During the course of the audit, receipts and disbursements records for 2004 to the present were also reviewed. The review disclosed that the local has implemented improved lost time and disbursements policies. As agreed, provided that Local 3884 maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation. The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 3844's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

Other Issues

A review of salary checks issues from the year 2003 to the present revealed that union officers routinely received their monthly salary payments in advance. During the audit, I advised you that authorization of salary advances paid to union officers could not be found in union records. Investigation also disclosed that as of June 2005, President Sheehan had been overpaid in salary in the amount of \$7,620.00, while Vice-President Principe had been overpaid in salary in the amount of \$5,488.00. As of June 29, 2005, both amounts have been reimbursed to the local by the respective officers. The local has also agreed not to extend advance salary payments to officers or employees in the future.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,



Investigator