



November 5, 2010

Mr. Kendyll Campbell, Treasurer  
Postal Workers, APWU  
Kansas State Association  
11700 W 68th Place  
Shawnee, KS 66203

Case Number: [REDACTED]  
LM Number: 514922

Dear Mr. Campbell:

This office has recently completed an audit of Kansas Postal Workers 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 October 14, 2010, 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 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 Kansas Postal Workers' 2009 records revealed the following recordkeeping violations:

1. Receipt dates not recorded

Entries in the Kansas Postal Workers' receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. 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. We spoke about this during the exit interview and you agreed this is something you will be doing in the future.

2. Deposit records not maintained

Deposit slips/receipts received from the bank when a deposit is made is a record which must be maintained. Also, the direct deposit information received from the National must be maintained for at least five years as well. These are records which verify, clarify, and explain the amounts you enter on the LM-3 report every year. We discussed this and you stated you understood that these records must be retained in the future.

3. Checks not recorded

Not all checks were recorded in the association's disbursement journal. Checks [REDACTED], [REDACTED], and [REDACTED] were not recorded in the disbursement's journal. After reviewing other supporting documentation I was able to determine this was due merely to oversight but it is very important that all disbursements be recorded in the association's records. We discussed this during the exit interview and I believe you understood how important it is that all of the association's transactions be recorded in the future.

4. Ledgers not accurate

Accurate ledgers were not kept for the certificates of deposit held by the association. What was entered as the beginning balance for the CD's did not match the bank records and when the interest earned over the year was added in it did not equal what was recorded as the ending balance. The ending balance and interest earned totals were correct but the beginning balances were not. I showed this to you in the exit interview and you agreed that in the future you would be sure to make sure these amounts were accurately recorded.

Based on your assurance that the Kansas Postal Workers 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-3) filed by Kansas Postal Workers for fiscal year ending December 31, 2009, was deficient in that:

#### 1. Disbursements to Officers

The association did not include some reimbursements to officers for office supplies and computer repairs in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The union must report most direct disbursements to the association 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).

I am not requiring that the Kansas Postal Workers file an amended LM report for 2009 to correct the deficient items, but the Kansas Postal Workers has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violations

The audit disclosed the following other violation:

#### 1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. Your association, although adequately bonded, it had expired on June 30, 2010. Please provide proof of bonding coverage to this office as soon as possible, but not later than November 30, 2010.

I want to extend my personal appreciation to the Kansas Postal Workers for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this

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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: Ms. Marcia Coleman, President