

U.S. Department of Labor

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November 23, 2009

Ms. Tracey Walther, Treasurer
American Postal Workers, AFL-CIO
Local 5885
PO Box 17
Dover, Delaware 19903-0017

LM File Number 505-764
Case Number: [REDACTED]

Dear Ms. Walther:

This office has recently completed an audit of Postal Workers Local 5885 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 President James Bradley and you on November 17, 2009, 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 5885's 2008 records revealed the following recordkeeping violations:

1. Failure to Maintain Supporting Documentation for Disbursements

Local 5885 did not retain adequate documentation all disbursements issued during audit year totaling at least \$500. For example, President James Bradley was issued a check for \$500 to purchase door prizes for the local's annual Christmas party. Although the local maintained an expense voucher for this disbursement, the local did not maintain the vendor receipts for the purchase of the door prizes.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Maintain Supporting Documentation for Receipts

Although Local 5885 maintained supporting documentation for the majority of receipts, in one instance, the local did not specify the source of income. Specifically, \$163.64 was deposited into the local's bank account in May 2008. The audit revealed that the local maintained no records as to where this receipt originated.

As previously noted, labor organizations must keep at least one record showing the date, amount, purpose, and source for money it receives.

Based on your assurance that Local 5885 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 Local 5885 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 5885 did not include some reimbursements to officers totaling at least \$502 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 Office and Administrative Expenses.

The union must report most direct disbursements to Local 5885 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. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 5885 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

Local 5885 has now filed a copy of its constitution and bylaws.

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I am not requiring that Local 5885 file an amended LM report for 2008 to correct the deficient items, but Local 5885 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Postal Workers Local 5885 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: President James Bradley