

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigator Office
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January 25, 2008

Mr. Patrick McCann, President
Postal Workers, American AFL-CIO Local 65
PO Box 65065
St. Paul, MN 55165

LM File Number 072332
Case Number: [REDACTED]

Dear Mr. McCann:

This office has recently completed an audit of Postal Workers Local 65 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 David Westgard on December 20, 2007, 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 65's 2007 records revealed the following recordkeeping violations:

Failure to Record Receipts

Local 65 failed to record receipts. Union receipts records must include an adequate identification of all money the union receives. The records should show the actual date and amount received and the source of each amount received. Additionally, entries in Local 65's general ledger 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-2. The LM-2 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 the one in which they were received.

Based on your assurance that Local 65 will accurately record the date, amount, and specific source of all money received in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

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 65 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 65 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Postal Workers Local 65 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,

Mr. Patrick McCann
January 25, 2008
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Investigator

cc: David Westgard, Treasurer