

U.S. Department of Labor

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February 4, 2008

Ms. Mary Schmitt, Treasurer
Postal Workers, AFL-CIO
New York State Association
P.O. Box 92591
Rochester, New York 14692

LM File Number 513-608
Case Number: [REDACTED]

Dear Ms. Schmitt:

This office has recently completed an audit of Postal Workers, NYSA 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, President Frank Resertaris on January 28, 2008, 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 Postal Workers, NYSA's 2006-2007 financial records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Postal Workers, NYSA did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$835.51. For example, President Resetartis had reimbursed expenses for tolls, faxes and check fees that did not include any back up documentation. Recording Secretary Elaine Callari had reimbursed expenses for transportation to and from the airport that did not include any receipts. Treasurer Mary Schmitt also had reimbursements for mileage for four trips that did not include any receipts attached to the voucher.

Additionally, several credit card charges failed to have receipts attached. For example, President Frank Resetartis failed to provide a receipt for a rental car in November 2006. Treasurer Mary Schmitt and Recording Secretary Elaine Callari also had charges on the union credit card but did not provide receipts as supporting documentation.

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. Lost Wages

Postal Workers, NYSA did not retain adequate documentation for lost wage reimbursement payments to union officers and members over 20 times during the 2007 audit year. The union must maintain records in support of lost wage claims that 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. The OLMS audit found that Postal Workers, NYSA records did not contain vouchers for every officer. Those vouchers that were retained did not contain the required information such as the rate of pay, the hours lost, or the union business conducted.

Additionally, it is the policy for the Postal Workers, NYSA that the US Postal Service form Notification of Absence (PS Form 3971) be attached to the voucher for lost time claims. Many times this form was not attached to the lost time voucher or the hours did not match what was requested.

3. Lack of Salary Authorization

Postal Workers, NYSA did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Postal Workers, NYSA will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Internal Controls

Postal Workers, NYSA should consider installing additional internal controls over the handling of their funds. To safeguard union funds, financial officers should maintain receipts and disbursement journals, or a general ledger, to record all monies received and spent by the union. While the union did list all checks written by the union, it failed to record checks drawn from the union's account from Paychex, Inc in their books. The union utilizes this company for payroll checks to the officers. All union accounts should be reconciled on a monthly basis, accounting for all deposits and all disbursements. The use of a general

ledger by union would provide a clearer picture of their monthly financial operations. During the exit interview, I provided a sample of a general ledger that may be used by you.

2. Officer's Compensation

Postal Workers, NYSA provides a stipend to officers as stated in Article VII/Duties of Officers and Committees, Sections 1-9. However, in addition to the stipend, officers receive lost time. The bylaws are silent regarding lost time wages and/or compensation. The executive board should consider adding a section to the bylaws that would address lost time wages to both active employed and retired executive board members. Since retired executive board members receive compensation for work performed, using the term "lost time" can create confusion.

As discussed, a section could be created for the bylaws that address both lost time and compensation that clearly identifies what can be claimed on a voucher. Since members of your executive board occasionally serve as officers of their local unions, it would be beneficial to include wording that states that duplicate payments will not be paid and the Postal Workers, NYSA will not authorize payment if an officer already received payment from his/her local.

Furthermore, we discussed the practice of paying full time officers for performing union work while receiving vacation pay. Although it looks like duplicate billing, President Frank Resetarits explained this occurred due to the difficulties for the payroll department to make adjustments for lost time. President Resetarits explained that officers will lose a day of vacation, but the union compensates with payment. Again, language in your bylaws addressing this issue would provide clarity and avoid future problems.

I want to extend my personal appreciation to Postal Workers, NYSA 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,

Ms. Mary Schmitt
February 4, 2008
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Investigator

cc: Frank Resetartis, President