

U.S. Department of Labor

Employment Standards Administration
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April 12, 2005

Ms. Tracey Walther, Treasurer
American Postal Workers Union
Local 5885
P.O. Box 17
Dover, DE 19903-0017

Re: 2

Dear Ms. Walther:

This office has recently completed an audit of American Postal Workers Union Local 5885 under the Compliance Audit Program (CAP) to determine your organization's compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959, as Amended (LMRDA). As discussed during the exit interview with you on April 6, 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 deficiencies were revealed during the audit of American Postal Workers Union Local 5885's 2004 records:

Union officers and employees failed to retain all adequate documentation for reimbursed expenses, for lodging expenses which were reimbursed to the union president, James Bradley.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirements 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.

As agreed, provided that American Postal Workers Union Local 5885 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 5885's officers and employees are currently bonded for \$2,500, the union should have been bonded for at least \$2,670 for its fiscal ending 6/30/05. The union must maintain adequate bonding coverage for its officers and employees.

Form LM-3 Labor Organization Annual Report

The audit revealed your organization was not reporting allowances and disbursements to its officers correctly on the Form LM-3 Labor Organization Annual Report. These disbursements and allowances were reported in item 48 as Office & Administrative Expenses. Item 24 – All Officers and Disbursements to Officers of Form LM-3 requires that all salaries and other direct and indirect disbursements to officers during the reporting period be listed in the appropriate column. The gross salary of each officer (before tax holdings and other payroll deductions), including "lost time" or time devoted to union activities is reported in Column D. Column E is where the total of all other direct and indirect disbursements to each officer other than salary, including allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for conducting official business of your organization is reported. Examples of disbursements to be reported in Column E include: allowances paid on the basis of mileage or meals; all expenses for officer's meals and entertainment; and various goods and services furnished to officers but charges to your organization. Refer to the instructions for Form LM-3 provided at the exit interview for complete details on Item 24.

As per our conversation during the exit interview you must file an amended report for the fiscal ending June 30, 2004. The amended report must be submitted to this office no later than April 26, 2005.

The audit revealed that only one signatory is required to withdraw funds from the union's checking account. Although this is not in violation of the LMRDA, it is highly recommended that at least two signatories be required to withdraw funds from the union's checking account.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Mr. Bradley's successors at whatever time you may leave office.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office

Sincerely,

(70)

Investigator

cc: James Bradley, President