



September 19, 2011

Ms. Joanne Guess, President
Postal Workers American AFL-CIO
Local 277
PO Box 3101
Asheville, NC 28802

Case Number: [REDACTED]
LM Number: 507929

Dear Ms. Guess:

This office has recently completed an audit of Postal Workers American AFL-CIO Local 2154 under the Compliance Audit Program (CAP) to determine the organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). Local 2154 was terminated and the membership merged with Local 277 in October 2010. As discussed during the exit interview with you, Local 277 Treasurer Terry Nelan, and Former Local 277 President [REDACTED] on September 12, 2011, 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 2154's 2010 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 2154 did not maintain receipts records of employer dues checkoff and interest earned on the union checking account totaling at least \$2,941.68. For example, there was no receipts journal or transaction register documenting receipts. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. General Disbursements

Local 2154 did not retain adequate documentation for disbursements incurred by Local 2154 President [REDACTED] totaling at least \$3,353.00. For example, there is no documentation to explain the purpose and disposition of check number [REDACTED], dated June 10, 2010 for \$3,000.

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

Due to Local 2154 having merged with Local 277, 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-4 filed by Local 2154 for the terminal year ended October 29, 2010, was deficient in that:

Reporting Period

Local 2154 failed to file a Form LM-4 to cover the period of July 1, 2009 through December 31, 2009. The last LM-4 Report filed for Local 2154 was for fiscal year ending June 30, 2009. The terminal report filed by Local 2154 was for January 1, 2010 through October 29, 2010.


If the organization changed its fiscal year, the union must enter in Item 2 the ending date for the period of less than 12 months, which is the organization's new fiscal year ending date. A report should have then been filed to cover the partial year from July 1, 2009 through December 31, 2009.

I am not requiring that Local 2154 file an amended LM report for 2009 to correct the deficient item.

I want to extend my personal appreciation to Postal Workers American AFL-CIO Local 277 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,



Senior Investigator

cc: Mr. Terry Nelan, Treasurer