

**U.S. Department of Labor**

Employment Standards Administration  
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April 14, 2009

Mr. Michael McIntyre, President  
Postal Mail Handlers, LIUNA  
Local 322  
841 California Avenue  
Pittsburgh, PA 15212

LM File Number: 509-968

Case Number: [REDACTED]

Dear Mr. McIntyre:

This office has recently completed an audit of Mail Handlers 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 Diane Owens on April 6, 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.

The audit of Local 322's 2008 records revealed the following recordkeeping violation:

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.

1. Meal Expenses

Local 322 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, there is nothing written on the receipts for Monte Cello's Restaurant April 23 through 25, 2008, totaling \$1,120.87. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Failure to Maintain Detailed Deposit Slips

Local 322 prepared detailed deposit slips listing each deposit item comprising each union deposit; however the union did not maintain a copy before providing the bank with the deposit slip at the time of the deposit. We discussed at the exit interview the importance of maintaining receipt records, including detailed deposit slips, sufficiently descriptive to verify individual receipts deposited into the union's bank account.

Based on your assurance that Local 322 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-2 filed by Local 322 for fiscal year ending December 31, 2008, was deficient in the following area:

#### 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 322 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

Local 322 has now filed a copy of its constitution and bylaws.

### Other Violations

The audit disclosed the following other violation:

#### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 322's officers and employees are currently bonded for \$65,000, but they must be bonded for at least \$114,000. Please provide proof of bonding coverage to this office as soon as possible, but not later than **April 27, 2009**.

### Other Issue

#### Use of Signature Stamp

During the audit, you advised that it is Local 322's practice for Treasurer Diane Owens to sign all union checks and to stamp your signature on union checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the

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completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 322 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Mail Handlers 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: Diane Owens, Treasurer