

U.S. Department of Labor

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May 27, 2005

President Richard Warrington
American Postal Workers Union
Local 1742
P.O. Box 7800
Newark, DE 19714

Re: _____ 2

Dear Mr. Warrington:

This office recently completed an audit of American Postal Workers Union (APWU) Local 1742 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 on May 27, 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 Local 1742's 2004 records:

Receipts

Local 1742 failed to record in its records the receipt of funds from members for the purchase of APWU logo items through the local. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source. It is recommended that pre-numbered duplicate receipts be issued in sequential order with the original provided to the member and the duplicate retained as a union financial record.

2. Meeting Minutes

APWU Local 1742 does not conduct separate executive board meetings. Executive board meetings are combined with membership meetings. Meeting minutes maintained for executive-membership meetings do not adequately document authorizations and approvals for disbursements of union funds. Minutes must clearly identify the amount of funds authorized, the approval of the expenditure and the union purpose for each expenditure. Local 1742 must document in meeting minutes the exact amount authorized for each expenditure of union funds.

3. Fixed Asset Inventory

The union must retain records which adequately account for all property that is purchased, sold and given away. A fixed asset inventory should be maintained to identify each asset, the value of each asset and to document the purchase, sale or distribution of each asset.

As agreed, provided that Local 1742 maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding these violations.

Other Issues

1. Failure to File Bylaws

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 1742 amended its constitution and bylaws in 1992, but a

copy of the amendment changing officer's salaries was not filed with Local 1742's LM-4 report for that year. Two copies of the amendment have now been filed.

Local 1742 is conducting a review of their constitution and bylaws. The local was advised of the statutory requirement to file copies of any changes with their annual LM Report in the event the constitution or bylaws are amended.

2. Internal Controls

The secretary-treasurer is responsible for the finances of APWU Local 1742. The secretary-treasurer has the authority to deposit and expend funds from the Local 1742 bank accounts. Checks are issued with one signature. The secretary-treasurer receives and reviews the monthly bank statements, bills and credit card statements.

It is strongly recommended that APWU Local 1742 segregate financial responsibilities to ensure funds are properly safeguarded. This would entail a separation of duties between officers that receive funds and those who expend funds in addition to having two original officer signatures on each check. Bank statements, bills and credit card statements should be received and reviewed by one officer and then forwarded to another officer to be reconciled. All expenditures must be properly approved and authorized.

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. Gillooley's successors at whatever time you may leave office.

I want to thank you, Vice President Tim Nolan and Treasurer James Gillooley for their 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,

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Investigator

cc: Vice President Tim Nolan
Treasurer James Gillooley