

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
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Kansas City, Missouri 64105-5143
Telephone: 816/502-0290 Fax: 816/502-0288



November 18, 2005

Mr. John Besta, Treasurer
Postal Mail Handlers LIUNA
Local 298
3035 Harney Street, Suite 302
Omaha, Nebraska 68131

Dear Mr. Besta:

This office has recently completed an audit of Mail Handlers Local 298 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 November 17, 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.

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 298's 2004 records:

A salary increase was mentioned as approved in the March 2004 Executive Board meeting minutes for the office secretary but no details as to the actual increase was recorded in the minutes. It is vital that this information be recorded in the minutes as it is the source document for the authorization.

Several cancelled checks were not maintained in union records in December. Cancelled checks are required as a part of union records for a five year period.

As agreed, provided that Local 298 maintains adequate documentation in the future, no additional enforcement action will be taken regarding these violations.

A violation of LMRDA Section 502 (Bonding) was discovered in the audit. This section requires that the union's officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 298's bond was found to have expired on June 28, 2004. Please provide this office with proof of bonding coverage at a minimum of \$13,381 as soon as coverage is obtained.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Local 298 for fiscal year ending December 31, 2004, failed to accurately reflect the funds handled by your union. Although the report met the standards of acceptability, the reported numbers for receipts and disbursements were grossly over reported. Instructions for the LM reports state that dues are to be reported for those funds that are received directly by your organization; dues received by a parent body on behalf of your organization and that part retained by the parent body is not to be reported on your LM reports. The same concept applies on the disbursement side where per capita taxes retained by your parent body would not be included on your report. The cash basis of the LM reports simply requires all cash transactions to be reported. Any loans from which money is not directly received by your organization would be treated as a contingent liability and not a disbursement. In your case the National Mail Handlers Union paid Local 298's arbitration expenses directly and applied them as a loan payable to the National Union. These amounts would not be reported as disbursements or receipts but rather liabilities.

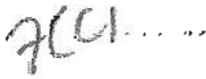
The purpose of these reports is to offer accurate financial disclosure to the members of your union; therefore it will be necessary for Local 298 to file an amended LM report for 2004 to correct the deficient items discussed above. The amended report is only required to be an LM-3 report as total receipts are well below \$200,000 for the 2004 fiscal year. I offer my assistance with any questions you or your accountant may have in this process. The report should be submitted to this office at the above address as soon as possible. If it will not be completed by December 16, 2005, I simply ask that you contact me with an update on your progress. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to thank you for your cooperation and courtesy during this compliance audit. If I can be of any assistance in the future or in helping you complete your report, please contact me at 816/502-0284.


Sincerely,

Dennis Eckert
District Director

By:


Investigator

cc:


cc: Mark D. Lynch
CPA
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