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Office of Labor-Management Standards
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August 10, 2010

Ms. Joyce Billings, President
Postal & Federal Employees Alliance Local 305
631 Dill Avenue, SW
Atlanta, GA 30310

Case Number: ||| ||| |||
LM Number: 091-737

Dear Ms. Billings:

This office has recently completed an audit of Postal & Federal Employees Alliance Local 305 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 (LMRD A). As discussed during the exit interview with you, Treasurer Linda Bennett, and Financial Secretary Diane Hairston on August 6, 2010, 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 money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. 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. The labor organization must also retain bank records for all accounts, which includes copies of all cancelled checks.

The audit of Local 305's 2008 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 305 did not regularly record in its receipts journal all of its rental income. For example, OLMS found that the union did maintain a log of the people and/or entities that rented building space from the union over the course of 2008. The audit revealed that the union only recorded receipts from rental income in the months of March, April, October, and November 2008. It failed to issue receipts to lesas for cash payments of rent owed. Multiple officers accepted rent money without issuing a receipt.

The officers were informed that all union receipts records must include an adequate identification of all money the union receives. The records should show the date of receipt, amount received, and the source of the money. Local 305 has agreed to keep a log of all receipts and will record the date, the amount, and the source of the receipt. The union has indicated that it no longer accepts rent payments in the form of cash.

2. Failure to Maintain Records

Local 305 was unable to provide OLMS with any leasing agreements and/or contracts it had with both long and short term renters of its building space. President Billings agreed to obtain new leasing agreements from all of its current renters, and will get leasing agreements from all future renters whether they are short term or long term leases.

The union was unable to provide OLMS with its copy of the mortgage documents from APWU Credit Union when it took out a loan in or around 2003 on its building. The union agreed to get copies of the mortgage documents from the APWU Credit Union and to maintain them with the other union records.

The union failed to record its bank deposits into its records. While it did maintain most of its copies of the deposit slips from APWU for fiscal year 2008, OLMS found that two (2) deposit slips were missing for bank deposits made on July 24, 2008 and August 7, 2008. Treasurer Bennett union agreed to record all bank deposits into the union's checking account register.

Local 305 failed to maintain some invoices from disbursements made for utilities, repairs on the building, the purchase of computer equipment, hotel receipts, and purchases for printing costs. The union agreed to be more diligent in the future in maintaining invoices. Secretary Hairston suggested a new procedure for insuring proper maintenance of its disbursement records. Hairston will staple each invoice to the corresponding disbursement voucher.

3. Other Violations

Local 305 failed to create and maintain an inventory list to include all of the union's fixed assets. President Billings agreed to create an inventory list of all the union's computer equipment, electronics, office furniture, and any other items that fall into this category.

4. Amended LM-3 Requested

The audit revealed that Local 305 received \$31,129 in total receipts but disclosed on its LM-3 report a total of \$27,217. In addition, the audit found that Local 305 made \$32,530 in total disbursements but reported on the LM-3 report that it made \$29,066 in disbursements.

Local 305 must file an amended Form LM-3 for fiscal year ending December 3, 2008, to correct the deficient items discussed above. Blank LM-3 forms and instructions are available on the OLMS website www.olms.dol.gov. The amended Form LM-3 should be submitted to this Office at the above address as soon as possible, but not later than August 30, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures. Enclosed are two (2) blank copies of the LM-3 report.

Please be advised that the proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 305's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local 305 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations. I want to extend my personal appreciation to Postal & Federal Employees Alliance Local 305 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,

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Investigator

Enclosures

cc: Ms. Linda Bennett, Treasurer

Ms. Diane Hairston, Financial Secretary

Mr. Warren Powell, NAPFE National Secretary *w/o* enclosures