



Sent via email to [REDACTED] and [REDACTED]

September 30, 2021

Mr. James Patarini, President
Postal Workers, American, AFL-CIO
State Association
P.O. Box 211265
Auke Bay, AK 99821-1265

Case Number: 530-6022553 [REDACTED]
LM Number: 515244

Dear Mr. Patarini:

This office has recently completed an audit of Postal Workers, American, AFL-CIO State Association 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 Secretary/Treasurer Marvin Manlulu on September 29, 2021, 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.

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-3) filed by the State Association for the fiscal year ended December 31, 2020, was deficient in the following areas:

1. Disbursements to Officers

The audit revealed that the State Association did not include gross salary payments it made to Mr. Manlulu in the amounts reported in Item 24, Column D (Gross Salary). The State Association's disbursement records indicate that Mr. Manlulu received gross salary (including lost time) of \$614; however, the total amount reported in Column D of Item 24 for Mr. Manlulu was \$0. It appears that Mr. Manlulu's reported gross salary did not include the lost time that he incurred during the year.

The audit also revealed that the State Association did not include any of the reimbursements it made to you and Mr. Manlulu in the amounts reported in Item 24, Column E (Allowances and Other Disbursements). The State Association's disbursements records indicate that you and Mr. Manlulu received reimbursed expenses totaling \$1,099; however, the total amount reported in Column E of Item 24 for you and Mr. Manlulu was \$0. It appears that the State Association erroneously reported most of the reimbursements it made to you and Mr. Manlulu in Item 48 (Office and

Administrative Expense) or Item 54 (Other Disbursements).

The State Association must report in Column D of Item 24 gross salaries (before tax withholdings and other payroll deductions) of union officers, including disbursements for lost wages. The State Association must report in Column E of Item 24 direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column E of Item 24 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to the State Association's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

The State Association must file an amended Form LM-3 for the fiscal year ended December 31, 2020, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than October 13, 2021. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issue

Lost Wage Policy

During the audit year, the State Association made lost wage reimbursements to its officers totaling at least \$614; however, the union does not have written policies that document its lost wage reimbursement policies.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments. OLMS recommends that unions: (1) adopt clear policies and procedures for making lost time or similar payments, and (2) use vouchers that require detailed information to support lost time payments. These practices will allow the union to properly report lost time payments on the Labor Organization Annual Report, Form LM-3.

OLMS recommends that union policies and procedures for lost wages be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time. You may want to have your union's trustees or auditors compare the steps taken to pay lost time with the

union's policies to make sure that all required procedures are being followed. Following the exit interview, I provided you with the compliance tip sheet, *Union Lost Time Payments*, for your reference.

I want to extend my personal appreciation to the Postal Workers State Association 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: Mr. Marvin Manlulu, Secretary/Treasurer