



October 12, 2010

Mr. Timothy J. Northem, President  
Postal Workers, American, AFL-CIO  
Local 183  
115 South Main Street  
Delevan, NY 14042

Case Number: [REDACTED]  
LM Number: 092569

Dear Mr. Northem:

This office has recently completed an audit of Postal Workers, American, AFL-CIO Local 183 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 Executive Vice President Delores Ennis on September 30, 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 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.

The audit of Local 183's 2009 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 183 submitted an itemized receipt for meal expenses totaling at least \$90 without noting the purpose of the expense. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 183 records of meal expenses did not always include written explanations of union business conducted. For example, the credit card charge dated January 26, 2009 lacked adequate information regarding union business conducted. 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. Lost Wages

Local 183 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$398. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 183 officers did not retain leave with out pay vouchers on lost wage reimbursements and the union business conducted.

Based on your assurance that Local 183 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-3 filed by Local 183 for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers

Local 183 did not include some reimbursements to officers totaling at least \$246 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 183 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. 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 (Office and Administrative Expense).

I am not requiring that Local 183 file an amended LM report for 2009 to correct the deficient items, but Local 183 has agreed to properly report the deficient items on all future reports it files with OLMS.

## 2. 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 183 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 183 has now filed a copy of its constitution and bylaws.

### Other Issue

During the exit interview I pointed out a number of checks containing only one officer signature. Your union's bylaws require that all checks be signed by the president and treasurer or corresponding officer. 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, only having one signature on a check does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 183 review these procedures to improve internal control of union funds.

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I want to extend my personal appreciation to Local 183 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: Ms. Michelle A. Kwoka, Treasurer  
Mrs. Delores M. Ennis, Executive Vice President