

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
San Francisco District Office  
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April 28, 2005

Arnold Parungao  
Secretary Treasurer  
Rural Letter Carriers, Local Unit 14

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Re:

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Dear Mr. Parungao:

This office has recently completed an audit of the Rural Letter Carriers, Local Unit 14 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 March 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.

**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 violations were revealed during the audit of Local Unit 14's records:

The union failed to maintain all of the bank statements for the audit period. The union failed to maintain all of its receipts for the past five years.

As agreed, provided that Local Unit 14 maintains adequate documentation in the future, no additional enforcement action will be taken regarding this violation.

**Reporting Violations**

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-4) filed by Local Unit 14 for fiscal year ending June 30, 2004 was deficient in the following areas:

**Total Assets**

Total assets of \$2,988 were improperly reported. The amount should have been \$3,597. There were no changes in total assets for the audit year. You arrived at this erroneous figure because you used the accrual method of accounting. To correct this error, use the cash method of accounting when completing your LM Reports. The cash method of accounting is the required accounting method for the completion of LM Reports.

**Total Disbursements**

Total disbursements of \$586 were improperly reported. The amount should have been \$0. There were no disbursements for the audit year. You arrived at this erroneous figure because you used the accrual method of accounting. To correct this error, use the cash method of accounting when completing your LM Reports. The cash method of accounting is the required accounting method for completion the of LM Reports

This issue has been resolved since an amended report was submitted on March 17, 2005.

**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. Local Unit 14's constitution and bylaws was never filed with the Secretary of Labor.

This issue has been resolved since a copy of Local Unit 14's constitution and bylaws has now been filed.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

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