

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Atlanta District Office
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Atlanta, GA 30303
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July 18, 2005

John Monta
102 Banner Street
Mauldin, SC 29662

2

Dear Mr. Monta:

This office has recently completed an audit of NALC BR 439 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 June 29, 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.

The CAP disclosed a violation of LMRDA Section 201(a) which requires that unions submit a copy of their current constitution and bylaws with their LM report when bylaw changes are made. BR 439 amended its bylaws in January 2004, but a copy of the amended bylaws was not submitted to our agency. Since a copy of the bylaws was provided during the CAP, no additional enforcement action will be taken regarding this violation. However, the local is officially notified of the requirement to file all future amendments to the bylaws.

The CAP disclosed a violation of LMRDA Section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by BR 439 for fiscal year ending December 31, 2003, needed to be amended. Since you have agreed to correct the deficient annual report, no additional enforcement action will be taken regarding this violation. However, please note that we cannot close our file on your union until this amended report is received. Please file the amended report within 30 days of receipt of this letter.

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 violation was revealed during the audit of BR 439's 2003 records:

Union officers and employees failed to retain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

As agreed, provided that BR 439 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA Section 501(a), because of the poor internal controls over the petty cash fund and the failure to ensure that the president submitted documentation for expenses claimed. No additional enforcement action will be taken regarding this violation as BR 439 has agreed to discontinue the use of the petty cash fund. However, please be advised that BR 439 may be scheduled for a follow-up audit to determine that BR 439 has ceased to use the petty cash fund, or at least established better internal controls over it. A follow-up audit would determine whether proper documentation was obtained for all vouchers and expenses.

During the audit, you advised that BR 439 has discontinued the use of a signature stamp for the president. Your union's bylaws state that checks are to be signed by the president and treasurer. The second 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, the use by the primary signer of a signature stamp for the second signature does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. The discontinued use of the signature stamp by BR 439 is advised by OLMS.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successors at whatever time you may leave office.

NALC, BR 439

July 18, 2005

Page 3 of 3

I want to thank Mr. Monta and Mr. Kopp for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

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