

U.S. Department of Labor
Cleveland District Office

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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September 15, 2005

Daniel Rupp, President
National Association of Letter Carriers
Branch 40
2012 West 25th Street
Cleveland, Ohio 44113

Re: 2

Dear Mr. Rupp:

This office has recently completed an audit of the National Association of Letter Carriers, Branch 40 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor Management Reporting Disclosure Act of 1959, as amended (LMRDA). As discussed during the exit interview with you and William Huff, Financial Secretary on September 15, 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.

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 deficiencies were revealed during the audit of Branch 40, 2003 records:

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. During the exit interview, I identified checks made payable for credit card payments and other disbursements with no supporting receipts or documentation.

As agreed, provided that Branch 40 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 201(b), because the Labor Organization Annual Report LM-2 filed by Branch 40 for fiscal year ending December 31, 2003 failed to meet the standards of acceptability. The following deficient items were identified:

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 9 and 10. However, indirect disbursements for business expenses incurred for transportation by a public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses). Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements).

I am not requiring that Branch 40 file an amended LM-2 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Branch 40's officers and employees are currently bonded for \$250,000, which is sufficient; however, the bonding policy cannot carry a deductible. During the course of this audit, proof that the deductible was removed was provided to this office, therefore, no additional enforcement action will be taken regarding this violation.

I want to thank you and Mr. William Huff for your 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,

FCC

Cc: William Huff, Financial Secretary-Treasurer