

**U.S. Department of Labor**

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May 16,2008

Mr. Keith Gentry, President  
Letter Carriers, NALC, AFL-CIO  
Branch 343  
1600 South Broadway  
St. Louis, MO 63104

LM File Number **081-646**

Case Number: XXXXXXXXXX

Dear Mr. Gentry:

This office has recently completed an audit of Letter Carriers Branch 343 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 Mark Hollman, CPA, and yourself on May 14,2008, 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 Branch 343's 2007 records revealed the following recordkeeping violations:

1. Asset Inventory

Branch 343 did not retain adequate information for fixed assets. The union should retain a comprehensive inventory of assets. This would include union owned automobiles and all office furniture and equipment. The inventory should include the date and purchase price when a new item is purchased. If an item is sold or given away, a record of the date, recipient, and amount paid, if any, should also be noted.

2. Cash Receipts

Branch 343 did not retain adequate documentation for cash receipts. During the audit year, the union received money in the form of cash for charitable fundraisers. There was not an adequate record of the member donating the money and the exact amount donated. It is recommended that a receipt book be utilized that is pre-numbered and in duplicate. When a member pays cash, the receipt is completed and a copy is provided to the paying member and a copy retained for the union's records.

3. Reimbursed Auto Expenses

Executive Vice President/Treasurer Nicki Prado and Vice President/Financial Secretary Bill Lister received a \$7.00 per day reimbursement for business use of their personal vehicles. Adequate documentation to support these payments was not maintained. The union must maintain records which identify the dates of travel and locations traveled to and from. The records must also show the business purpose requiring the use of a personal vehicle requiring reimbursement.

Based on your assurance that Branch 343 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-2) filed by Branch 343 for fiscal year ending December 31, 2007 was deficient in that per capita tax paid to local affiliations was reported under Schedule 15 (Representational Activities). All per capita tax should be reported under Item 56 (Per Capita Tax).

I am not requiring that Branch 343 file an amended LM report for 2007 to correct the deficient items, but Branch 343 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### 1. Use of Signature Stamp

During the audit, it was discovered that signature stamps were being utilized. The stamps were used on checks and on disbursement vouchers. The purpose of a signature is to attest to the authenticity of a completed document. However, the use of a signature stamp does not attest to the authenticity of the completed document and negates the purpose of the signature requirement. Further, the union has a two-signature requirement for the checks of the general fund and the reserve fund accounts and require approved vouchers. These measures are not required on the other accounts in the name of the union. The two-signature requirement is a good practice for internal controls. OLMS recommends that Branch 343 review these procedures to improve internal control of union funds.

#### 2. Treasurer's Report

The union provides a financial report at the monthly membership meetings. The report indicates the incoming monies in the form of dues and other miscellaneous receipts, as well as a reading of the general fund checks disbursed for the month. The checks written from the officers' expenses account are not included in this financial report. Even though your trustees review the expenses,

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it is recommended that these expense checks be included in the report provided to the membership. This will provide a more complete, accurate report with the information that your membership should have readily available.

I want to extend my personal appreciation to Letter Carriers Branch 343 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: Mark Hollman, CPA