

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Los Angeles District Office
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Thursday, December 22, 2005

Michaela Richard, Secretary-Treasurer
Arizona Rural Letter Carriers
8150 East Quill Street
Mesa, AZ 85207-9731

Re: ✓

Dear Ms. Richard:

This office has recently completed an audit of the Arizona Rural Letter Carriers Association 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 James Woodruff and Barbara Sisco on August 26, 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 the Arizona Rural Letter Carriers Association 2004 records:

Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must 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 signature of the member claiming lost time and of the authorizing official(s) should also be affixed to the voucher.

As agreed, provided that the Arizona Rural Letter Carriers Association maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

I strongly urge the Arizona Rural Letter Carriers Association to adopt clear guidelines regarding what kinds of out-of-pocket expenses personnel may be reimbursed for. Our office is certainly available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office. The proper maintenance of union records is the personal responsibility of the individuals who are required to file the Arizona Rural Letter Carriers Association report.

REPORTING VIOLATIONS

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by the Arizona Rural Letter Carriers Association for fiscal year ending June 30, 2004 was deficient in the following areas:

The Arizona Rural Letter Carriers Association erroneously mis-categorized reimbursed expenses for officers on the LM-3 report (Item 24). The reimbursed expenses were placed under the "gross salary" column instead of the "allowances and other disbursements" column.

Furthermore, the LM-3 filed by the Arizona Rural Letter Carriers Association contained inaccurate figures since the figures used on the form were carried over from previous LM-3 filings and not based on actual figures for the fiscal year in review.

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

Because the Arizona Rural Letter Carriers Association filed an amended LM-3 report for fiscal year ending June 2004 to correct the deficient items discussed above, no further enforcement action is contemplated at this time.

OTHER ISSUES

During the audit, I advised you that authorization of the salary amounts paid to union officers could not be found in union records. I suggest that the Arizona Rural Letter Carriers Association take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document. When the authorized salaries have been recorded in union

records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

The audit also 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. The Arizona Rural Letter Carriers Association's officers and employees are currently bonded for \$20,000, but they must be bonded for at least \$21,000. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained. The bonding amount required is based on my review of the records downloaded from the union computer.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to you and Mr. Woodruff's successors when you leave office.

I want to extend my personal appreciation to you and your staff 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,



Investigator

cc: James Woodruff, President