

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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March 23, 2009

Mr. Michael Horton, President
Letter Carriers, NALC, AFL-CIO
Branch 10
1620 NW Gage
Topeka, KS 66618

LM File Number 082-560
Case Number: [REDACTED]

Dear Mr. Horton:

This office has recently completed an audit of NALC Branch 10 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 Michelle Jellison, Karen Lewis, and you on March 20, 2009, 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 Violation

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 10's 2008 records revealed the following recordkeeping violation:

General Expenses

Branch 10 did not retain adequate documentation for disbursements totaling at least \$3,150.00. For example, Branch 10 did not retain adequate disbursement documentation for a contribution to the Community Resources Council for \$1,000.00.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Branch 10 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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-3) filed by Branch 10 for fiscal year ending December 31, 2007, was deficient in the following area:

Receipts and Disbursements

Branch 10 improperly included dues check-off payments sent directly to their parent body in Item 38 (Dues) of the LM-3 report. If a parent body receives dues check-off directly from an employer on behalf of the reporting organization, do not report in Item 38 the portion retained by that organization for per capita tax.

Branch 10 improperly included disbursements for per capita tax in Item 47 of the LM-3 report for the portion of the dues check-off checks retained by Branch 10's parent body. If a parent body receives dues check-off directly from an employer on behalf of the reporting organization, do not report in Item 47 the portion retained by that organization for per capita tax.

I am not requiring that Branch 10 file an amended LM report for 2007 to correct the deficient items, but Branch 10 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

One Signature on Disbursement Checks

Branch 10 only requires one signature on their disbursement checks. During the exit interview, I recommended that Branch 10 require that all checks drawn on the union's bank account have a second signature and ensure that the cosigner fully understands that his/her fiduciary responsibilities require that checks be signed only after they are completely filled out and the cosigner knows the purpose and legitimacy of each transaction.

I want to extend my personal appreciation to NALC Branch 10 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: Michelle Jellison, Recording Secretary