



May 25, 2012

Mr. Thomas Juhas, Secretary Treasurer  
National Association of Letter Carriers Branch 4342  
Post Office Box 36  
Kenner, LA 70063-0036

Case Number: [REDACTED]  
LM Number: 082-101

Dear Mr. Juhas:

This office has recently completed an audit of National Association of Letter Carriers Branch 4342 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 and Former President [REDACTED] on May 25, 2012, 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 4342's 2011 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

Branch 4342 did not maintain meeting minutes from executive board meetings. The membership meeting minutes were not consistent regarding the approval of expenses or disbursements, specifically regarding Christmas gifts to officers, and gas or mileage reimbursements to officers.

Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lack of Salary Authorization

Branch 4342 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. When the salaries are based on past practices, the branch is responsible for keeping a record of those authorizations.

Based on your assurance that Branch 4342 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-3) filed by Branch 4342 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Branch 4342 did not include some reimbursements to officers totaling at least \$1,190 in the amounts reported in Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Branch 4342 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 Expense).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Branch 4342's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on the bank statements.

Branch 4342 must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient items discussed above. I encourage Branch 4342 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than June 11, 2012, or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

#### Other Issues

The audit disclosed the following other issue(s):

##### 1. Expense Policy

As I discussed during the exit interview with yourself and Former President [REDACTED], the audit revealed that Branch 4342 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards.

It is recommended that Branch 4342 adopt a clear and concise written expense policy regarding the types of expenses officers may claim for reimbursement and the types of expenses that may be charged to the union credit cards or used with Branch funds (orders from outside vendors, retiree pins, hats, etc.). In addition, it is also recommended that the branch clearly define salary levels and what those salaries are to include (does the salary include gas reimbursement, or is that expenses separate, OR who is allowed to claim gas expenses and for what reason).

##### 2. Signatory on Checks

A large majority of Branch 4342's checks were issued with one signature, that of Secretary Treasurer Thomas Juhas. Article 6, Section 1 of the Branch's bylaws state that the President provides the signature on the checks. OLMS recommends a dual signature policy, wherein both the president and secretary treasurer, or other corresponding principal officer, signs all checks being issued from the branch's accounts.

##### 3. Receipts

Most vendor receipts are printed on thermal paper. This type of paper fades with time, and becomes almost transparent. Based on the DOL's five year record retention policy, it is likely that some of these receipts will become unreadable during that time frame. OLMS recommends that Branch 4342 make a copy of all receipts to be kept with the original receipt to account for any possibility of fading.

4. Expense Vouchers/ Mileage Logs

While Branch 4342 did maintain expense vouchers, a large majority of the vouchers did not provide an adequate or sufficient level of detailed explanation regarding the nature of the union business. To simply state "Union Business" is not enough to verify, clarify, or explain the nature of the expense or reimbursement. Appropriately recording the dates of the vouchers in comparison with the dates on the receipts should also be of utmost importance. In one instance, a reimbursement was made to Shop Steward Sterling Caston on July 13, 2011 and the gas receipt attached was dated July 24, 2011.

When claiming reimbursement for fuel, the Branch should have a clear and concise written policy regarding how that disbursement is derived; actual fuel or mileage. During the audit, both means of reimbursement were utilized. If the Branch decides to go with mileage reimbursement, a mileage log should be maintained by each officer claiming reimbursement to verify the expense.

5. Writing Checks in Order

In order to maintain the best accountability practices, OLMS recommends that checks be written in consecutive date and numerical order. During the months March 2011 through May 2011, there were several checks written out of date and sequential numerical order.

I want to extend my personal appreciation to National Association of Letter Carriers Branch 4342 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,

  
Senior Investigator

cc: Mr. , Former President  
Mr. Sterling Caston, President