

U.S. Department of Labor

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January 21, 2009

Ms. Dona Murphy, President
Letter Carriers, Rural, Ind., Branch 29
P.O. Box 181
Thomaston, CT 06787-0181

LM File Number: 088-190
Case Number: [REDACTED]

Dear Ms. Murphy:

This office has recently completed an audit of the Connecticut Rural Letter Carriers Association (CTRLCA) 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 Secretary-Treasurer Norma Kryzanowski on January 15, 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 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 CTRLCA's 2007 records revealed the following recordkeeping violation:

Lost Wages

CTRLCA did not retain adequate documentation for lost wage or "sub-hire" reimbursement payments to union officers totaling at least \$3,180.32. The union must maintain records in support of lost wage claims that 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 OLMS audit found that CTRLCA maintained sufficiently descriptive vouchers in most cases; however, in three specific cases, no voucher was retained at all.

Based on your assurance that CTRLCA 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 CTRLCA for fiscal year ending June 30, 2007, was deficient in that the cash figures reported in Item 25 do not appear to be the cash figures according to the union's books after reconciliation to the bank statements. For example, the LM-3 reports \$184,705 in cash at the end of the year; however, the reconciled bank balance is actually \$180,410. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

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

Other Issues

1. Two Signature Requirement

During the audit, you advised that CTRLCA provides for any one of three primary officers to be able to draw funds from the local's accounts; however, the signature of only one officer is required on the association's checks. A two-signature requirement is an effective internal control of union funds because it ensures that at least two individuals verify the authenticity of union expenditures. OLMS recommends that CTRLCA review its disbursement procedures to improve the association's internal control of union funds.

2. Lost Time/ "Sub-Hire" Policy

As was discussed during the exit interview, the audit revealed that CTRLCA does not have a clear policy regarding the circumstances under which officers, employees, and members may claim reimbursement for time lost from work in order to perform union business. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure that 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,

Mark Letizi
District Director

cc: Norma Kryzanowski, Secretary-Treasurer