

U.S. Department of Labor

Office of Labor-Management Standards
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November 1, 2010

Mr. Jay Pruitt, President
Letter Carriers, Natl Asn, AFL-CIO
Branch 1047
3375 Berkley Hills Drive West
Southside, AL 35907

LM File Number: 081-608
Case Number: [REDACTED]

Dear Mr.Pruitt:

This office has recently completed an audit of Letter Carriers, Natl Asn, AFL-CIO, Branch 1047 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 Treasurer John Goodwin on October 27, 2010, 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 1047's 2009 records revealed the following recordkeeping violations:

1. General Disbursements

Branch 1047 did not retain adequate documentation for disbursements totaling at least \$261.00. For example, Check Number [REDACTED], dated 10-01-09, in the amount of \$261.00, payable to Richdon, Inc., for calendars did not have an invoice, bill, or receipt.

As 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.

2. Information not Recorded in Meeting Minutes

During the audit President Pruitt advised OLMS that the membership authorized the purchase of calendars from Richdon, Inc., in the amount of \$261.00 in October 2009. Additionally President Pruitt advised OLMS that the membership authorized travel expenses in the amount of \$773.90 for himself, Treasurer Goodwin, and Vice President Cranmer to attend a training session in February 2009 in Tunica, MS. The minutes of the meetings do not contain any reference(s) to these issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Fixed Assets

Branch 1047 did not maintain a fixed asset list or inventory detailing the fixed asset holdings of the union for the audit year or any previous year. The union had fixed assets, including, but not limited to: computers, printers, and office furniture. The proper maintenance of union records is the responsibility of the president and

treasurer (or corresponding principal officers) of your union who are required to sign the union's LM report.

4. Lack of Salary/ Allowance Authorization

Branch 1047 did not maintain records to verify that the allowances reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 for President Pruitt and Treasurer Goodwin was the authorized amount and therefore was correctly reported. Both Pruitt and Goodwin were paid a monthly \$76.00 allowance for their cell phones. The union must keep a record; such as meeting minutes, to show the current salary and/or allowances authorized by the entity or individual in the union with the authority to establish salaries and allowances.

5. Lost Wages

Branch 1047 did not retain adequate documentation for lost wage reimbursement payments to Treasurer John Goodwin totaling at least \$1,143.00. 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 Branch 1047's vouchers did not adequately explain the nature of union business conducted.

The union was provided a sample of an expense voucher to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

6. Meal Expenses

Branch 1047 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a meal purchase on 2-28-09 at the Landmark Banquet Facility, Gadsden, AL, in the amount of \$870.98 did not have an attendee list or the nature of union business discussed during the meeting and meal. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Branch 1047 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 violations 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 1047 for fiscal year ending December 31, 2009 (latest year on file), was deficient in the following areas:

1. Disbursements to Officers

Branch 1047 did not include some reimbursements to officers totaling at least \$1824.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Branch 1047 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. Failure to File By Laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Branch 1047 amended its By Laws in 2007 but did not file a copy with its LM report for that year or any year since. Branch 1047 took immediate steps to correct the violation and has now filed a copy of its constitution and bylaws.

I am not requiring that Branch 1047 file an amended LM report for 2009 to correct the deficient items, but Branch 1047 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Branch 1047 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: Treasurer John Goodwin