



March 29, 2011

Mr. Terry Daniels, Secretary-Treasurer
Letter Carriers, Natl Asn, AFL-CIO, Branch 642
5350 Manhattan Circle #211
Boulder, CO 80303-1256

Case Number: [REDACTED]
LM Number: 082634

Dear Mr. Daniels:

This office has recently completed an audit of Letter Carriers, National Association, AFL-CIO, Branch 642 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 on March 28, 2011, 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 642's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 642 did not retain adequate documentation for reimbursed travel expenses incurred by union officers during the audit period. For example, several officers were paid for hotel expenses to attend the NALC National Convention in Anaheim, CA, and original expense receipts for hotel charges totaling at least \$4,860 were missing from union records.

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. Disposition of Property

Branch 642 did not maintain an inventory of shirts, calendars, gift cards, and other property it purchased, sold, or gave away. For example, membership meeting minutes note that shirts were bought, but no records were found showing the number of shirts purchased or given away by Branch 642. The union provided a list of members who signed a receipt for calendars, but the branch could not account for 34 calendars after they were bought, sold, or given away. Similarly, the union bought several \$25 gift cards to be given away at the summer picnic, but former Branch 642 officers failed to provide a list of members who received gift cards. The union provided no records of the number of gift cards on hand, given away or remaining after the picnic. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

3. Failure to Record Receipts

Branch 642 did not record in its receipts records an employer dues check-off check totaling at least \$2,713. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Branch 642 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Expense Policy

As I discussed during the exit interview with you and vice president Chris Konold, the audit revealed that Branch 642 does not have a clear policy regarding the types of expenses personnel may claim for travel reimbursements. For example, two former officers received a travel advance of \$810 each for hotel expenses as delegates to attend the NALC National Convention. The couple shared a hotel room, and one party wanted to keep the unused advance of \$810 given by the local for hotel expenses. The union subsequently withheld the officer's quarterly salary checks until the unused travel advance was recovered.

OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Letter Carriers, National Association, AFL-CIO, Branch 642 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