

U.S. Department of Labor

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February 1, 2008

Mr. Cecil Branch, President
Letter Carriers, Natl Asn, AFL-CIO
Branch 3861
P O Box 759
Westwego, LA 70096-0759

LM File Number 083-354
Case Number: [REDACTED]

Dear Mr. Branch:

This office has recently completed an audit of NALC Branch 3861 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, Stephen Castellanos, Danna Fourtunia, and Jay Cavallo on January 28, 2008, 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 3861's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 3861 did not retain adequate documentation for all reimbursed expenses incurred during the year totaling at least \$273.50. For example, check # [REDACTED] in the amount of \$115 made payable to Rust Insurance in payment of Branch 3861's fidelity bond was not supported by a warrant nor an invoice. Check # [REDACTED], payable to [REDACTED] in the amount of \$112.50 for the purchase of the 2008 calendars was not supported by an invoice nor was the related warrant signed. The warrant dated 10/09/07 supporting check # [REDACTED] made payable to [REDACTED] in the amount of \$46 for reimbursement of P O Box rent was not signed. Article XII, Section 2, of the NALC Branch 3861 Bylaws states "No money shall be paid out by the Financial Secretary-Treasurer EXCEPT ON A WARRANT ordered by this branch and signed by the President and Secretary." (emphasis as is shown in Bylaws)

Additionally, Branch 3861 did not retain adequate documentation for expenses reimbursed by the petty cash fund. Warrants were not completed and signed in support of the two expenditures recorded in the petty cash ledger. As discussed during the exit interview, OLMS recommends that Branch 3861 review its bylaws for guidance on maintaining a constant balance in the petty cash fund. Article XII, Section 1, of the NALC Branch 3861 Bylaws states "The Financial Secretary-Treasurer may retain in his/her hands a sum not to exceed one hundred (\$100.00) dollars for current expenses."

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.

2. Failure to Record Receipts

Branch 3861 did not record in its receipts records some employer dues check-off direct deposits and some interest earned on the branch's checking account totaling at least \$1,119.91. For example, dues received via direct deposit for pay periods 11 through 15 totaling \$1,116.85 were not recorded in the receipts and disbursements ledger. Also not recorded in the ledger was the interest earned from Fifth Savings Bank for the months of July and August 2007 in the amount of \$3.06. The ledger did not identify the source of direct deposits for pay periods 16 through 24. 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.

3. Receipt Dates not Recorded

Entries in Branch 3861's receipts and disbursements ledger did not reflect the date the union received directly deposited dues for pay periods 24, 25, and 26. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported on the LM-4 annual financial report. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

4. Information not Recorded in Meeting Minutes

During the audit, Mr. Castellanos advised OLMS that the membership authorized the purchase of gift cards at the November 2007 membership meeting. Article XII, Section 3, of the NALC Branch 3861 Bylaws require that "All funds shall be devoted to such uses as the Branch may determine; provided, that no appropriation shall be made except when ordered by a majority vote of the members present and voting at a regular meeting." The minutes of the November 2007 meeting reflect the approved amount of each gift card to be \$150; however, the Branch purchased gift cards valued at \$200. Mr. Castellanos and others present at the exit interview confirmed that the final decision regarding the value of each gift card was determined to be \$200 prior to the adjournment of the November meeting, although the meeting minutes were not correctly annotated to reflect the

change in the gift card value. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Branch 3861 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my appreciation to NALC Branch 3861 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: Jay Cavallo, Treasurer
Stephen Castellanos, Vice President
Danna Fourtunia, Assistant Treasurer