

**U.S. Department of Labor**

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June 23, 2008

Ms. Lisa Earich, Treasurer  
Letter Carriers AFL-CIO  
National Association of Letter Carriers Branch 254  
1735 Bayard Street  
Bethlehem, PA 18017

LM File Number 515-308  
Case Number: [REDACTED]

Dear Ms. Earich:

This office has recently completed an audit of NALC Branch 254 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 June 16, 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 Violation

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 254's 2007 records revealed the following recordkeeping violation:

#### Lost Wages

Branch 254 did not retain adequate documentation for lost wage reimbursement payments to Edward Anderson, Bruce Brugger, Lisa Earich, Robert Ehret, Angelo Fetter, Richard Keller, Peter Link and Angel Ramirez totaling at least \$10,346.01. 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 254 did not require or retain lost time vouchers and no union record exists 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.

During the exit interview, I provided a sample of an expense voucher Branch 254 may use 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.

Based on your assurance that Branch 254 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Issues

The audit disclosed the following other issues:

##### 1. Duplicate Receipts

During the audit period, Branch 254 received \$738.00 in payments for guests attending the branch's clambake. The receipt of these funds was recorded in the general ledger and check stub, but the branch did not issue receipts to the payers. OLMS recommends that Branch 254 use a duplicate receipt system where the union issues original pre-numbered receipts to all individuals or entities who

make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

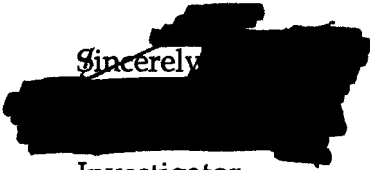
## 2. Internal Controls

Branch 254 maintains a checking account at Wachovia Bank. Both President Bruce Brugger and Treasurer Lisa Earich are signatories on the account. The union's checking account requires only one signature to issue checks. The treasurer is responsible to prepare and issue checks on behalf of the branch.

It is strongly recommended that Branch 254 amend the checking account requiring two signatures in order to issue checks. Checks should be prepared and signed by one officer and then forwarded with supporting documentation to be reviewed and signed by another officer. The requirement of two signatures to issue union checks is an effective internal control that will ensure funds are properly safeguarded.

I want to extend my personal appreciation to NALC Branch 254 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: President Bruce Brugger