

U.S. Department of Labor

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June 30, 2008

Mr. William Carey, Treasurer
National Association of Letter Carriers
Branch 500
224 South Progress Avenue
Harrisburg, PA 17109

LM File Number 081-281

Case Number: [REDACTED]

Dear Mr. Carey:

This office has recently completed an audit of NALC Branch 500 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 Assistant Secretary [REDACTED], Financial Secretary Richard Wilson and you on June 12, 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 500's 2006 records revealed the following recordkeeping violation:

General Reimbursed Expenses

Branch 500 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$762. For example, President [REDACTED] was reimbursed for the purchase of a conference room table without adequate backup documentation. In addition, officers were reimbursed for travel expenses totaling approximately \$362 without a detailed explanation, receipts or supporting documentation.

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.

Based on your assurance that Branch 500 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

1. Disbursements to Officers and Employees

Branch 500 did not include some payments to officers and employees totaling approximately \$14,171 in Schedules 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the branch erroneously reported these payments in Schedule 19 (Union Administration). This total included reimbursements for mileage and per diem payments. Per Diem payments totaling \$7,800 for twenty-six union delegates attending a National Letter Carriers Convention in Las Vegas, NV were made through the Financial Secretary by a check made out to cash. Payments to officers, delegates and employees should be made directly to that individual by

check. Additionally, a receipt system should be implemented to track any cash disbursements made directly to an officer, delegate and employee.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

2. Failure to Itemize Disbursement

Branch 500 did not properly report some "major" transaction(s) in Schedule 19 (Union Administration). A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the branch cannot properly report elsewhere in Statement B. For example, the audit found that disbursements of \$5605.31 to the Enola Legion Post 751 and \$8,389.04 to the Riviera Hotel were not properly reported in Schedule 19 (Union Administration).

Branch 500 agreed to file an amended Form LM-2 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I discussed with you the availability of the reporting forms and instructions on the OLMS website (www.olms.dol.gov). The amended Form LM-2 should be submitted through the OLMS website as soon as possible, but not later than July 15, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with digital signatures. Branch 500 also agreed to amend its Form LM-2 for fiscal year ending December 31, 2007 to correct the Name and Address in Schedule 19 (Union Administration) for a \$6,015 disbursement made to the Pennsylvania State Association of National Letter Carriers and to properly itemize disbursements.

Mr. William Carey
June 30, 2008
Page 4 of 4

3. Failure to File Bylaws

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 500 amended its bylaws in 2003, but did not file a copy with its LM report for that year.

Branch 500 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to NALC Branch 500 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: Shawn W. Tyrell, President