

U.S. Department of Labor

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June 13, 2008

Ms. Donna Whitmarsh, President
Letter Carriers, NALC, AFL-CIO
Branch 5
10342 Ellison Circle
Omaha, NE 68134

LM File Number 091-727
Case Number: [REDACTED]

Dear Ms. Whitmarsh:

This office has recently completed an audit of Letter Carriers Branch 5 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 5, 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 5's 2007 records revealed the following recordkeeping violation:

Disposition of Property

Branch 5 did not maintain an inventory of t-shirts it purchased, sold, and/or gave away. 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 t-shirts and other items. We discussed this during the exit interview and you agreed that in the future, you will keep an inventory of t-shirts purchased and sold by the union.

Based on your assurance that Branch 5 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

The audit disclosed a violation 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 5 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. 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 5 amended its

constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Branch 5 has now filed a copy of its constitution and bylaws; therefore, no further action will be taken.

2. Disbursements to Officers

Branch 5 did not include some reimbursements to officers totaling at least \$5,000 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The union must report most direct disbursements to Branch 5 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).

3. Officer Salaries

Branch 5 also did not properly report officer salaries in the amounts reported in Item 24. The president's salary was accurate, but several other officers' salaries were underreported by at least a total of \$1,300. We discussed this during the exit interview and you agreed to look into this and to properly report the salaries on future reports.

I am not requiring that Branch 5 file an amended LM report for 2007 to correct the deficient items, but Branch 5 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

The audit disclosed the following other issues:

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Branch 5 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types and amount of expenses that may be paid to the election committee. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Lost Time Claims

The audit also disclosed that at times during the year, Vice President Billy Ray Stevens claimed and was paid lost time from the branch while also being paid for annual leave by the employer. Branch policy indicates that when the president chooses to take accrued annual leave, the vice president fills in for the president during that time. Leave without pay is available for officers to use without consequence from the employer. When an officer chooses to use paid annual leave while also getting paid the president's salary for that day, they are getting paid twice. It is not an issue if the membership is aware of this practice and votes on its approval, but, as indicated to me by Mr. Stevens, the membership is not informed of this. Without this approval, the double payment may be inappropriate. I suggest in the future having such payments pre-approved by the membership or the officer should take leave without pay only from the worksite, as already previously approved in the local's bylaws.

I want to extend my personal appreciation to Letter Carriers Branch 5 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: Laura Jacobberger, Treasurer
Billy Ray Stevens, Vice President