

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
Room E365
JFK Federal Building
Boston, MA 02203
(617) 624-6690 Fax:(617) 624-6606



September 9, 2009

Mr. Ray Berard, President
Letter Carriers Branch 54
P.O. Box 1111
Woonsocket, RI 02895

LM File Number: 083-991

Case Number: [REDACTED]

Dear Mr. Berard:

This office has recently completed an audit of Letter Carriers Branch 54 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 September 4, 2009, 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 Letter Carrier s Branch 54's 2008 records revealed the following recordkeeping violations:

1. Expenses (General and Reimbursed)

Branch 54 did not retain adequate documentation for expenses incurred by the local totaling at least \$1,324.92. For example, the local did not have receipts for approximately \$471 paid for food for monthly meetings and \$210 worth of gift certificates/cards.

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. Lost Wages

Branch 54 did not retain adequate documentation for lost wage reimbursement payments to union officers. 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 54 did not maintain any lost time vouchers. Lost wages for union officers totaling at least \$498 were documented in a union ledger but did not identify each date lost wages were incurred, the applicable rate of pay, and a description of the union business conducted.

During the exit interview, I provided a sample lost time/expense voucher Branch 54 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 54 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 LM-3 filed by Branch 54 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements To Officers

Branch 54 did not include some reimbursements to officers totaling at least \$2,988.75 in the amounts reported in Item 24 E (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Branch 54 officers and some 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).

2. Fixed Assets

Branch 54 did not report the value of fixed assets in Item 29 (Fixed Assets). The Branch has a union purchased laptop and printer.

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I am not requiring that Branch 54 file an amended report for 2008 to correct the deficient items, but Branch 54 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Letter Carriers Branch 54 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,

Mark Letizi
District Director

CC: Mr. John Ballou, Secretary-Treasurer