



July 29, 2011

Mr. John Taylor, Treasurer
Letter Carriers, NATL, ASN, AFL-CIO Local 462
Post Office Box 12762
Huntsville, AL 35815

Case Number: [REDACTED]
LM Number: 080062

Dear Mr. Taylor:

This office has recently completed an audit of Letter Carriers Local 462 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 President John Winston and you on July 25, 2010, 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 Local 462's 2010 records revealed the following recordkeeping violations:

1. Failure to Record Fund Transfer

Local 462 did not record in its disbursement records two fund transfers totaling at least \$6,000. For example, Local 432 transferred \$3,000 from union account to another union account. Union receipts and disbursements records must include an adequate identification

of all money the union receives and disburses. The records should show the date and amount received or disbursed, and the source of the money.

2. General Expenses

Local 462 did not retain adequate documentation for expenses totaling at least \$800. For example, the local purchased several Kroger gift cards for its retiree members and did not retain the receipt.

As 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 Local 462 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

Use of One Signature

During the audit, President John Winston advised that it is Local 462's practice for one officer to sign all union checks. Two signatures is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 462 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Letter Carriers Local 462 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: Mr. John Winston, President