



January 13, 2011

Mr. Steven McCarthy, Secretary/Treasurer
Massachusetts Rural Letter Carriers' State Association
2 E. Concord Street
Boston, MA 02118

Case Number: [REDACTED]
LM Number: 089067

Dear Mr. McCarthy:

This office has recently completed an audit of Massachusetts Rural Letter Carriers' State Association 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 and Assistant Secretary/Treasurer Gerald Bligh on January 3, 2011, 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 the Massachusetts Rural Letter Carriers' Association 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

The Massachusetts Rural Letter Carriers' Association did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$167.50. For example, a payment in the amount of \$150 made with check number [REDACTED] dated 04/29/10 for PAC Raffle Gifts included a voucher and associated receipts to support the disbursement, but union records did not adequately identify how the raffle gifts were distributed.

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.

2. Lost Wages

The Massachusetts Rural Letter Carriers' Association did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$2,185.97. 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 the Massachusetts Rural Letter Carriers' Association generally retained sufficiently descriptive vouchers and associated signed leave slips from the USPS, but on several occasions retained a voucher that was insufficiently descriptive in that the union business was described as "office."

During the exit interview, I provided a sample of an expense voucher you 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.

3. Failure to Record Receipts

The Massachusetts Rural Letter Carriers' Association did not record in its receipts records some payments received from members for meals that were purchased by the union totaling at least \$430. For example, the union appears to have received \$430 in payments by members attending the November 15, 2009 meeting for lunch that was served at that meeting, but union records do not document these receipts. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that the Massachusetts Rural Letter Carriers' Association 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 the Massachusetts Rural Letter Carriers' Association for the fiscal year ended June 30, 2010, was deficient in the following areas:

1. Failure to Itemize Fixed Assets

A review of union records disclosed that the Massachusetts Rural Letter Carriers' Association maintains an inventory of fixed assets held by officers of the association. This inventory disclosed that the purchase price of fixed assets held by the union was \$7,045; however, no fixed asset value was itemized in the union's LM-3 report in Item 29 for the audit year. Union records revealed that at least one Dell laptop computer was purchased on 12/28/09 at a cost of \$749.99. The LM-3 requires that the union report the value of fixed assets at cost less depreciation.

2. Failure to Correctly Itemize Disbursements

A review of the LM-3 report for the Massachusetts Rural Letter Carriers' Association fiscal year ending 06/30/2010 revealed that the association incorrectly reported at least \$13,208.86 in Item 54 as "Other Disbursements." Some of the items incorrectly reported in Item 54 of the LM-3 report include payroll taxes paid by the union and printing costs of the union's newsletter. These expenses should be itemized in Item 48, office and administrative expenses. The union also failed to indicate the purchase of fixed assets during the reporting year in Item 52; union records revealed that fixed assets were purchased as noted above.

I am not requiring that the Massachusetts Rural Letter Carriers' Association file an amended LM report for 2010 to correct the deficient items, but the Massachusetts Rural Letter Carriers' Association has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Duplicate Receipts

Some members of the Massachusetts Rural Letter Carriers' Association pay dues directly to the union. Mr. McCarthy records dues payments in the union's receipts journal and retains copies of the checks that members pay their dues with, but he does not issue duplicate receipts to dues payers. OLMS recommends that the Massachusetts Rural Letter Carriers' Association use a duplicate receipt system where the union issues original pre-numbered receipts to all members 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.

I want to extend my personal appreciation to Massachusetts Rural Letter Carriers' State Association 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Ms. Ramona Daniel, President
Mr. Gerald Bligh, Assistant Secretary/Treasurer