



June 15, 2023

██████████, President  
National Association of Letter Carriers  
Old Dominion Branch 496  
2416 Chamberlayne Avenue  
Richmond, VA 23222

Case Number: 450-6026082(██████████)  
LM Number: 083-869

Dear ██████████:

This office has recently completed an audit of National Association of Letter Carriers Branch 496 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 Treasurer Mack Robinson, Financial Secretary Parthenia West and you on June 5, 2023, 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.

Record Keeping 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 Branch 496's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 496 did not retain adequate documentation for some reimbursed and other expenses to union officers. For example, the branch did not retain receipts, including itemized receipts, for some reimbursements to officers for food for meetings and for the advance paid to delegates to attend the convention.

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. Failure to Retain Records

The audit revealed that Branch 496 failed to retain some bank statements for its bank accounts. All bank statements must be retained.

3. Lack of Salary Authorization

Branch 496 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. The audit revealed that the bylaws contain inconsistent provisions regarding the salaries of some officers and how they can be increased. The union must update its bylaws to address how the salaries of the union officers will be authorized and then keep a record to show the authorized salaries.

4. Disposition of Property

Branch 496 did not maintain an invoice for the purchase of calendars or a record indicating the name, date and amount of money received from the resale of the calendars to the membership. The branch must retain an invoice for the purchase of calendars and must record in at least one record the date, amount received, and source of money received from the sale of the calendars.

5. Failure to Maintain Vacation Records

The audit disclosed that Branch 496 did not have sufficient records regarding the use of leave by a union officer and an employee. The union must maintain at least one record which identifies the date leave was used, the amount, and the remaining balance.

Based on your assurance that Branch 496 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, Form LM-3, filed by Branch 496 for the fiscal year ending December 31, 2022, was deficient in the following areas:

1. Disbursements to Officers

Branch 496 did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears that the union erroneously reported these payments in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements). In addition, Branch 496 did not report the names of some officers and the amounts disbursed to them or on their behalf in Item 24. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Branch 496 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).

2. Failure to Report Deductions

Branch 496 did not report the deductions from officers' salaries in the "Less Deductions" line of Item 24 (All Officers and Disbursements to Officers). The branch must enter on the "Less Deductions" line the total amount of withheld taxes, payroll deductions, and any other deductions withheld by the branch.

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 496 amended its constitution and bylaws but did not file a copy with OLMS. As agreed, Branch 496 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than July 14, 2023.

Branch 496 must file an amended Form LM-3 for fiscal year ending December 31, 2022, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-3 must be filed no later than July 14, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Signatures on Checks

The union officers advised that the union's policy is that two signatures are required on all union checks. However, the audit revealed that some checks were only signed by one officer. OLMS recommends that Branch 496 follow its policy and require two signatures on all union checks.

2. Signing Blank Checks

The union officers advised that one officer routinely signs blank checks. The union's policy is for two officers to sign all union checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. Signing a blank check in advance does not attest to the authenticity of a completed check and negates the purpose of the two signature requirement. OLMS recommends that Branch 496 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to National Association of Letter Carriers Branch 496 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