



September 21, 2023

Ms. Linda Palomo, Secretary  
National Association of Letter Carriers (NALC)  
Branch 23  
Post Office Box 1447  
Galveston, TX 77553

Case Number: 420-6027402( )  
LM Number: 084150

Dear Ms. Palomo:

This office has recently completed an audit of NALC Branch 23 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 21, 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.

#### 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 23's 2022 records revealed the following recordkeeping violation:

#### General Reimbursed Expenses

Branch 23 did not retain adequate documentation for reimbursed expenses incurred by the union's officers totaling at least \$890.76. For example, the union's reimbursements to the

officers for office expenses, gift cards, and a florist purchase was not supported with receipts.

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 Branch 23 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Reporting Violation

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 23 for the fiscal year ended December 31, 2022, was deficient in that:

##### Disbursements to Officers

Branch 23 did not include some reimbursements to officers totaling at least \$1,378 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report all expenses that were reimbursed directly to an officer, including expenses for office supplies (excluding office fixed assets that are reported in Item 52), flowers, and meeting room rental.

I am not requiring that Branch 23 file an amended LM report for 2022 to correct the deficient items, but Branch 23 has agreed to properly report the deficient items on all future reports it files with OLMS. Branch 23 has also agreed to file all future reports electronically.

#### Other Violation

The audit disclosed the following other violation:

##### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Branch 23's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Branch 23 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to NALC Branch 23 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 sender.

Senior Investigator