

Branch 580 did not retain adequate documentation for reimbursed travel expenses incurred by Branch 580 delegates to the NALC National Convention and the NALC State Convention totaling at least \$13,562.10. For example, the audit revealed that Branch 580 Delegates to the NALC National Convention ||| each received \$1,385 to cover travel expenses to the national convention, but no records were maintained to substantiate the disbursements.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of you union, who are required to sign your union's LM-3 report, are responsible for properly maintaining union records.

2. Lost Wages

Branch 580 did not retain adequate documentation for lost wage reimbursement payments to Chief Steward Cathy Bodnar totaling at least \$6,451.09. 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 580 only maintained records pertaining to the number of hours Cathy Bodnar lost due to conducting union business.

3. Failure to Record Receipts

Branch 580 did not record in its receipts records payments made to purchase tickets to Branch 580's social events. For example, Branch 580 did have a record of the names, amounts, and payment dates of members who purchased tickets to the January 2010 installation banquet. Branch 580 also failed to record the total amount collected for tickets and 50/50 raffle tickets; however, a deposit of \$1,087 was attributed to this event. Union receipt 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 upon your assurance that Branch 580 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 the 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 580 for the fiscal year ended December 31, 2010 was deficient in the following areas:

1. Disbursements to Officers

Branch 580 did not include some reimbursements to officers totaling at least \$2,578 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expenses).

The union must report most direct disbursements to Branch 580 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Branch 580's books after reconciliation with the bank statements. The instructions for Item 25 state that the union should obtain account balance from its books as reconciled to the balances shown on bank statements.

During the audit, Branch 580 filed an amended Form LM-3 for the fiscal year ended December 31, 2010, correcting the deficient items discussed above. As such, OLMS will take no further enforcement action.

Other Violation

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 580's officers were not bonded for the minimum amount required at the time of the audit. However, Branch 580 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action.

Other Issues

1. Travel Expense Policy

As I discussed during the exit interview, the audit revealed that Branch 580 does not have a clear practice or policy regarding the types of expenses officers may claim for reimbursement when traveling. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Signing Blank Checks

During the audit, you advised you occasionally sign blank checks. Your union's bylaws require that all checks be co-signed by two of either president, financial secretary, or treasurer. 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. However, 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 580 review these procedures to improve internal control of the union.

I want to extend my personal appreciation to NALC Branch 580 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,

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Senior Investigator

cc: Mr. Michael Hall, Treasurer