



August 15, 2012

Ms. Kimberly Sherr, Treasurer
Letter Carriers, Natl Asn, AFL-CIO
Local Branch 273
PO Box 7397
Lancaster, PA 17604-7397

Case Number: [REDACTED]
LM Number: 081-290

Dear Ms. Sherr:

This office has recently completed an audit of National Association of Letter Carriers (NALC), AFL-CIO, Local Branch 273 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 Recording Secretary Kevin Greene on June 19, 2012, 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 NATL Branch 273's 2010 records revealed the following recordkeeping violation:

1. General Reimbursed and Debit Card Expenses

Branch 273 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officials totaling at least \$2,598.38. For example, union

officials did not maintain supporting documentation for a debit card expense totaling \$127.70 made at Hertz Rent-A-Car, located in Phoenix, AZ for the purpose of a travel expense incurred during a meeting of the Committee of Presidents.

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 Record Receipts

Branch 273 did not record in its receipts records a deposit to reflect ticket sales for a union sponsored baseball social event held at Lancaster Barnstormers' stadium totaling \$1,722.00. 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.

3. Receipt Dates not Recorded

Entries in Branch 273's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Branch 273 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 273's officers and employees were not bonded for the minimum amount required at the time of the audit. However, you advised that Branch 273 has obtained adequate bonding coverage. Please provide evidence of Branch 273's bonding coverage to OLMS by August 24, 2012. I have enclosed a self-addressed envelope for your convenience.

Ms. Kimberly Sherr

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I want to extend my personal appreciation to NALC Branch 273 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

Enclosure

cc: Mr. Kevin Greene, Recording Secretary