

U.S. Department of Labor

Office of Labor-Management Standards
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May 12, 2010

Mr. Jeff Connell, Treasurer
Letter Carriers
Branch 763
P.O. Box 265
Columbia, MO 65205

LM File Number 080-477
Case Number: [REDACTED]

Dear Mr. Connell:

This office has recently completed an audit of Letter Carriers Branch 763 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, Karen Tompkins, and Tim Neds on March 2, 2010, 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 Branch 763's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 763 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers.

As previously 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. Receipt Dates not Recorded

Entries in Branch 763'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 763 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 763 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Branch 763 did not report the total amounts of payments on officers' behalf in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Branch 763 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 Petty Cash Fund Disbursements or Receipts

Branch 763 did not properly report receipt and disbursement transactions of their petty cash fund in Statement B (Receipts and Disbursements) of the LM-3. As stated in the LM-3 instructions the purpose for Statement B is to report the cash flowing in and out of the union's accounts during the reporting period. However, the audit revealed the branch received and disbursed petty cash funds during the reporting period, but failed to report these transactions.

I am not requiring that Branch 763 file an amended LM report for 2008 to correct the deficient items, but Branch 763 has agreed to properly report the deficient items on all future reports it files with OLMS.

3. 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 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year. During the audit, Branch 763 filed a copy of its amended bylaws.

I want to extend my personal appreciation to Letter Carriers Branch 763 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

cc: Chris Reed President