



May 25, 2010

Ms. Tara Norton, Treasurer
NALC 373
1115 Spencer Road
Cedar Rapids, IA 52410

Case Number: [REDACTED]
LM Number: 081606

Dear Ms. Norton:

This office has recently completed an audit of NALC 373 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 May 14, 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 Local 373's 2008 records and a review of Local 373's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 373 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$4,042.88. For example, backup records could not be located for the following disbursements: a \$1,100 check issued on March 11, 2008, to Branch 34 House Committee; a \$875 check issued on August 7, 2008, to Richdon Inc.; a \$250 check issued on August 14, 2008, to [REDACTED]; a \$1,235 check issued on May 1, 2008, to NALC 373; a \$75 charge made on May 25, 2008, to HyVee; a \$214.80 charge made on August 21, 2008, to HyVee; a \$5.34 charge to Autozone made on October 13, 2009; a \$184.80 charge to Flamingo Hotel, Las Vegas made on November 13, 2009; a \$75.95 charge to Staples; and a \$26.99 charge made on April 26, 2009 to Showtickets Tours.

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. Lost Wages

Local 373 did not retain adequate documentation for a lost wage reimbursement payment to a union officer totaling at least \$381.37. On October 29, 2009, check number [REDACTED] for \$381.37 was issued to [REDACTED] for lost time; however, a lost time voucher could not be located. 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.

During the exit interview, I discussed what type of information and documentation that must be maintained to satisfy this requirement.

Based on your assurance that Local 373 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 Local 373 for fiscal year ending December 31, 2008, was deficient in that the local reported as a receipt (Item 38) and a disbursement (Item 47) the amount of checkoff dues provided directly to the local's parent body from the employer. This inflated your total receipts and disbursements in the LM-3 report. The LM-3 Instructions say "If an intermediate or parent body receives dues checkoff directly from an employer on behalf of your organization, do not report in Item 38 the portion retained by that organization for per capita tax or other purposes."

I am not requiring that Local 373 file an amended LM report for 2008 to correct the deficient items, but Local 373 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Duplicate Receipts

Members of Local 373 pay the union directly for various items such as baseball tickets. The union records payments in the union's receipts journal, but does not issue receipts to payers. OLMS recommends that Local 373 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to NALC 373 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: Mr. Bryan Rubner, President