



June 19, 2012

Mr. Maurice Harwood, Secretary-Treasurer
NALC Branch 4784

Case Number: [REDACTED]
LM Number: 081332

Dear Mr. Harwood:

This office has recently completed an audit of NALC Branch 4784 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 President David Snelson on May 4, 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 Branch 4784's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Branch 4784 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by officers totaling at least \$312.91. Officers who used their personal debit card for union expenses did not retain the itemized receipt.

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. Meal Expenses

Branch 4784 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$137.21. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Branch 4784 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Branch 4784 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 4784 for the fiscal year ended June 30, 2011, was deficient in the following areas:

1. Disbursements to Officers

Branch 4784 did not include some disbursements to officers totaling at least \$600.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

Branch 4784 did not report disbursements made to Tom Devery, Kathy Dickerson, Rhonda Lemon, Mike Stanley, and David Jermyn and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

2. Other Disbursements

The amounts reported in Item 54 included multiple disbursements for office and administration expenses. Multiple payments for supplies, postage, membership meeting expenses, and the branch's fidelity bond should have been included in Item 48.

Branch 4784 filed an amended Form LM-3 for the fiscal year ended June 30, 2011, to correct the deficient items discussed above.

Other Issue

During the opening interview, you advised that you and President David Snelson signs blank checks. Your union's bylaws require that all checks be signed by the president and 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 4784 review these procedures to improve internal control of union.

I want to extend my personal appreciation to NALC Branch 4784 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. David Snelson, President
Mr. Joe Cook, Vice President