



November 28, 2012

Mr. Steven Pitonyak, Treasurer
National Association of Letter Carriers AFL-CIO
Branch 333
PO Box 2611
Binghamton, NY 13902

Case Number: [REDACTED]
LM Number: 080883

Dear Mr. Pitonyak:

This office has recently completed an audit of Letter Carriers Branch 333 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 President Jeff Potter on November 20, 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 Violation

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 333's 2011 records revealed the following recordkeeping violation:

General Reimbursed and Credit Card Expenses

Branch 333 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by officers totaling at least \$55.

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.

Based on your assurance that Branch 333 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 LM-3 filed by Branch 333 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Disbursements to Officers

Branch 333 did not report gross salary of each officer as required in Item 24 (All Officers and Disbursements to Officers), Column D. The union erroneously reported net salary for the officers. Totals of gross salary and other disbursements should be reported in Line 9 in Item 24, deductions are to be reported in line 10. Line 10 should include the total of withheld taxes, payroll deductions and other deductions. Disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions must be reported in Item 54 (Other Disbursements). The net disbursements to officers are to be reported in Line 11 (Line 9 minus Line 10) and in Item 45 (To Officers)

2. Failure to Report an Investment

Branch 333 did not properly report the purchase of an investment in October 2011 for \$50,000 in Item 52 (Purchase of Investments and Fixed Assets) and it was not reported in Item 28 (Investments). This is not a liquid asset like Certificates of Deposits and should not be included in Item 25 (Cash).

I am not requiring that Branch 333 to file an amended LM report for 2011 to correct the deficient items, but Branch 333 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Expense Policy

As I discussed during the exit interview with you and President Potter, the audit revealed that Branch 333 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning travel reimbursement.

I want to extend my personal appreciation to Letter Carriers, Branch 333 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Jeffrey Potter, President