

U.S. Department of Labor

Office of Labor-Management Standards
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August 6, 2013

Mr. Joseph Muscat, Treasurer
National Association of Letter Carriers (NALC)
Branch 356
10 Fiske Place
Mt. Vernon, NY 10550

Case Number: 130-15414 [REDACTED]
LM Number: 082564

Dear Mr. Muscat:

This office has recently completed an audit of Branch 356 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 Branch 356 President John Ferrara, on August 5, 2013, 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.

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 356's 2012 records revealed the following recordkeeping violations:

1. Supporting Documentation

The union maintained a checking account, two savings accounts and a certificate of deposit (CD). The audit disclosed that Branch 356 failed to retain adequate documentation for the savings accounts and CD. Although bank statements were retained, the union should also record any transactions in its own records.

2. Meal Expenses

Branch 356 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$50. 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.

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 356 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

The audit also 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 356 for the fiscal year ended December 31, 2011, was deficient in that:

1. It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Branch 356 must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient item discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above

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address as soon as possible, but not later than August 19, 2013. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to 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