



May 3, 2017

Mr. Alfonso Castagno, Treasurer
LETTER CARRIERS, NATL ASN, AFL-CIO BR 191
P.O. Box 5207
Wilmington, DE 19808

Case Number: 140-6009984(77)
LM Number: 080035

Dear Mr. Castagno:

This office has recently completed an audit of LETTER CARRIERS, NATL ASN, AFL-CIO BR 191 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 191 President Robert Wilkerson on May 3, 2017, 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.

Record Keeping 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 191's 2015 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 191 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$304.14. For example, adequate documentation was not retained for check #3892 dated July 29, 2015 issued to Vice President Robert Wilkerson in the amount of \$89.99. The official warrant, which was completed and signed by two officers, indicated this was a reimbursement for the purchase of shelving for uniforms. While the executive committee meeting minutes for July and August 2015 did reflect authorization for the purchase, and a reimbursement claim form was completed, there was no other backup documentation such as a vendor 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. Lost Wages

Branch 191 did not retain adequate documentation for some lost wage reimbursement payments to officers totaling at least \$562.38. 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. For example, while the OLMS audit found that Branch 191 did maintain adequate documentation for most lost wage reimbursement payments, adequate documentation was not retained for check #3923 dated September 2, 2015 in the amount of \$139.93 to President Jeffrey Cushner. The records contained U.S. Postal Service 3971 Notification of Absence forms signed by the manager, but a lost wage claim form was not submitted.

3. Failure to Accurately Record Receipt

Branch 191 did not accurately record in its receipts records an employer dues checkoff check totaling at least \$127.81. This appeared to be attributable to a bookkeeping error. The bank statement reflected a deposit on October 5, 2015 in the amount of \$3,869.65 from an employer dues checkoff check, but the branch's books reflected \$3,741.84, a difference of \$127.81. It appeared the branch inadvertently recorded the dues figure from September 8, 2015, which was \$3,741.84.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Failure to Record Disbursement

Branch 191 failed to record a payment to the IRS on June 4, 2015 in the amount of \$1,518.23. Union disbursement records must include an adequate identification of all money the union disburses. The records should show the date and amount disbursed, and the payee.

Based on your assurance that Branch 191 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 191 for the fiscal year ending December 31, 2015, was deficient in the following areas:

1. Disbursements to Officers

Branch 191 did not include some reimbursements to officers totaling at least \$230.24 in the amounts reported Item 24 (All Officers and Disbursements to Officers). President Jeffrey Cushner's gross salary was misreported on the LM-3, on the branch's internal salary and tax sheet, as well as on IRS Form W-2 as \$19,663.70. President Cushner's gross salary per the union's books and bank statements was \$19,893.94, a difference of \$230.24. Two salary payments were issued to President Cushner on November 24, 2015 (checks #3965 and #3967) with relevant backup documentation. The gross amount of each payment was \$230.24, less deductions of \$88.98 per payment, resulting in a net amount of \$141.26 for each payment. It appeared the branch recorded only one of those payments on its internal salary and tax sheet, leading to an incorrect year-end total which resulted in an incorrect total reported on the W-2 form. It appeared the branch utilized the W-2 forms in completing the LM-3 report.

The union must report most direct disbursements to Branch 191 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. General Receipts and Disbursements

The audit disclosed a discrepancy of less than \$1,000.00 between the total receipts and disbursement figures Branch 191 reported under Item 44 and Item 55 of the Form LM-3 and figures per computations. Discrepancies were found for the following categories of the Form LM-3: other receipts (Item 43) office and administrative expenses (Item 48); contributions, gifts and grants (Item 51); and other disbursements (Item 54). The discrepancies appeared to be attributable to bookkeeping errors.

I am not requiring that Branch 191 file an amended LM report for 2015 to correct the deficient items, but Branch 191 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Check Signatures

The audit disclosed that of the 288 checks Branch 191 issued from its general checking account during fiscal year 2015, three bore only one officer's signature: check #3747 dated January 19, 2015 issued to August Ambrosius in the amount of \$429.95 for training, signed only by Treasurer Castagno; check #3890 dated July 22, 2015 issued to President Jeffrey Cushner in the amount of \$419.79 for the RAP session, signed only by Treasurer Castagno; and check #3980 dated December 2, 2015 issued to President Jeffrey Cushner in the amount of \$150.00 for November expenses, signed only by President Cushner.

According to Article 7, Section 1 of the Branch 191 Bylaws, two authorized signatures are required on all checks written by the treasurer or other qualified and authorized officer. The two signature requirement is an effective internal control of union funds. OLMS recommends that Branch 191 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to LETTER CARRIERS, NATL ASN, AFL-CIO BR 191 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,

Angela Esposito
Investigator

cc: Mr. Robert Wilkerson, NALC Branch 191 President