



March 13, 2024

Mr. Joshua Smith, President  
Letter Carriers, Rural, Ind  
Connecticut State Association

Case Number: 110-6027547( )  
LM Number: 088190

Dear Mr. Smith:

This office has recently completed an audit of Connecticut Rural Letter Carriers Association (CTRLCA) 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 Secretary Treasurer Jason Gaudino on March 12, 2024, 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 CTRLCA's 2022 records revealed the following recordkeeping violations:

#### 1. General Reimbursed and Credit Card Expenses

CTRLCA did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$335. For example, a

\$284 reimbursement to President Merola did not include an adequate receipt for the expense.

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

CTRLCA did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$362. 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.

CTRLCA 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. For example, receipts retained from Rosa's Deli, did not list any names of individuals present. 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.

## 3. Lost Wages

CTRLCA did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$25,000. 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. The OLMS audit found that CTRLCA did retain vouchers with properly recorded hours, dates, and rate of pay, but the description of union business conducted was frequently deficient in that only "president's duties" or "secretary treasurer's duties," was recorded. These explanations alone are not sufficient, and the actual union business conducted on each day should be recorded.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher CTRLCA may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

## 4. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them

totaling at least \$200 during 2022. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that CTRLCA 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 CTRLCA for the fiscal year ended June 30, 2022, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

CTRLCA did not include some reimbursements to officers totaling at least \$299 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to CTRLCA 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. Failure to Categorize Disbursements

CTRLCA did not properly report cash disbursements in Items 45 to 54 on Statement B (Cash Disbursements). The union reported disbursements in Item 54 (Other Disbursements) that could have been placed in more descriptive categories. There was at least \$277 in chaplains fund donations and \$80,400 in COVID Impact Payments reported in Item 54 incorrectly. These payments should be reported elsewhere in Item 45 through 54, most likely in Item 51 (Contributions, Gifts, and Grants). Additionally, at least \$4,351 in Per Capita Remittance to locals and \$1,120 in National Per Capita Tax payments were incorrectly recorded in Item 54. These payments would be more accurately recorded in Item 47 (Per Capita Tax).

I am not requiring that CTRLCA file an amended LM report for 2022 to correct the deficient items, but CTRLCA has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Two Signature Requirement/Use of Electronic Signatures

During the audit officers advised that it's CTRLCA's practice for checks to be signed by only one of the two signatories on the union's checking account. Your union's bylaws require that all checks be prepared and signed by the treasurer, however a 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. OLMS recommends that CTRLCA review these procedures and the provisions in the union's bylaws to improve internal control of union funds regarding signing checks.

Furthermore, the audit found that CTRLCA uses electronic signatures to sign vouchers. The use of an electronic signature for the second signer may limit the authenticity of the completed document, and therefore, OLMS recommends reconsidering these practices.

I want to extend my personal appreciation to Connecticut Rural Letter Carriers Association for the cooperation and courtesy extended during this compliance audit. I 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. Jason Gaudino, Secretary Treasurer