

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Detroit District Office
211 West Fort Street
Room 1313
Detroit, MI 45226
(313)226-6200 Fax: (313)226-4391



May 13, 2008

Mr. Paul Roznowski, President
Letter Carriers, Natl Asn, AFL-CIO
Branch 3126
28806 John R. Rd.
Madison Heights, MI 48071-2818

LM File Number: 081-994

Case Number: [REDACTED]

Dear Mr. Roznowski:

This office has recently completed an audit of Letter Carriers Branch 3126 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, Treasurer Tim Smith, Vice President Bobbi Green, and Secretary Polly Opsahl on March 24, 2008, 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 3126's 2007 records revealed the following recordkeeping violations:

1. Officer Wages and Benefits

Branch 3126 did not retain adequate documentation for wage payments to union officers totaling at least \$45,452.53. The audit found that Branch 3126 officers did not describe the union business conducted on the time sheets used to determine wages owed to each officer, and, in one instance, the records indicated that Vice President Bobbi Green claimed two more hours than the total hours worked. Additionally, the branch compensates officers for benefits lost due to taking leave without pay to conduct union business. However, the branch failed to maintain documentation verifying leave without pay taken for all such disbursements.

The union must maintain records in support of wage and benefit claims that identify each date wages were incurred or benefits were lost, the number of hours worked or lost on each date, the applicable rate of pay, and a description of the union business conducted.

2. 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 \$17,337.58 during 2007. 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.

3. Meal Expenses

Branch 3126 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$3,212.41. 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 3126 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, check [REDACTED] was dated May 5, 2007, and payable to Alexander Viviano for expenses. Among the receipts submitted was a restaurant receipt for \$119.25, but neither the names and titles of persons incurring the charges nor the union business conducted were noted. 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.

4. General Reimbursed and Credit Card Expenses

Branch 3126 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$5,648.83. For example, the branch failed to maintain any receipts whatsoever for the following reimbursed expense disbursements:

Check No.	Check Date	Amount	Payee
[REDACTED]	05/14/2007	\$110.00	[REDACTED]
[REDACTED]	05/14/2007	\$110.00	[REDACTED]
[REDACTED]	05/25/2007	\$107.82	[REDACTED]
[REDACTED]	06/21/2007	\$180.00	[REDACTED]
[REDACTED]	09/17/2007	\$225.00	[REDACTED]
[REDACTED]	09/17/2007	\$225.00	[REDACTED]

Additionally, the branch failed to maintain itemized receipts showing the goods or services received, and the identity of the recipient(s) of the goods or services for the following disbursements: Check [REDACTED] dated September 18, 2007 to James

Ribicki for \$800; and an American Express charge made at O'Mara's Restaurant on October 14, 2007 for \$2,750.

As previously 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.

5. Receipt Dates not Recorded

Entries in Branch 3126's receipts journal reflect the date the union deposited the money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record ~~the date~~ money ~~was~~ received could result in the union reporting some receipts for a different year than when it actually received them.

6. Inaccurate Check Dates and Check Numbers

Branch 3126 recorded in its ledger inaccurate dates or check numbers for checks totaling \$3,114.76. The branch's records must accurately reflect the proper check dates and check numbers. Failure to record the proper dates of checks could result in the union reporting some disbursements for a different year than that in which they were actually made.

7. Voided Checks, Canceled Checks, and Deposit Slips

Branch 3126 failed to maintain canceled checks for disbursements totaling \$5,811.43, some voided checks, and deposit slips for receipts totaling \$9,189.71. However, during the course of the audit, Branch 3126 obtained copies of the missing canceled checks from the bank. As noted above, the branch must maintain all records used or received in the course of union business, including voided and canceled checks, and deposit slips.

Based on your assurance that Branch 3126 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. While Branch 3126 officers were bonded for the proper amounts, the policy contained a \$250 deductible for each covered position, which is unacceptable under the LMRDA. As Branch 3126 has had the deductible removed from the policy, OLMS will take no further enforcement action regarding this issue.

Other Issue

Credit Card Expense Policy

As I discussed during the exit interview with you, Mr. Smith, Ms. Green, and Ms. Opsahl, the audit revealed that Branch 3126 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 such matters.

Additionally, the audit revealed that Branch 3126 permits officers to use union credit cards to pay for personal expenses. Although officers promptly repaid Branch 3126 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Letter Carriers Branch 3126 for the cooperation and courtesy extended during this compliance audit. I strongly

Mr. Paul Roznowski

May 13, 2008

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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: Tim Smith, Treasurer