

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 15, 2009

Mr. Jim Ciglaghi, Treasurer
National Association of Letter Carriers
Branch 1197
101 N. 19th Street
Herrin, IL 62948

LM File Number 081-343
Case Number: [REDACTED]

Dear Mr. Ciglaghi:

This office has recently completed an audit of NALC Branch 1197 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 on July 2, 2009, 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 1197's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 1197 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President John Cooksey totaling at least \$6,000. For example, a reimbursement made directly to President Cooksey for the purchase of airfare for the NALC National Convention was not supported by an invoice or other form of back-up documentation.

As previously noted, 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

Branch 1197 did not require officers to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers. 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 1197's 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, meals purchased at Debbie J's did not include the information to identify the union business conducted or recipients of the meal. 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.

Based on your assurance that Branch 1197 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 1197 for fiscal year ending December 31 2008, was deficient in that:

Disbursements to Officers

Branch 1197 did not include some reimbursements to officers totaling at least \$15,000 in the amounts reported in 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 Branch 1197 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).

I am not requiring that Branch 1197 file an amended LM report for 2008 to correct the deficient items, but Branch 1197 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, the audit revealed that Branch 1197 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. For example, payment of cell phone bills for officers is not documented as an approved expense in the meeting minutes or the branch bylaws. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to NALC Branch 1197 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 used to redact the signature of the investigator.

Investigator