

**U.S. Department of Labor**

Office of Labor-Management Standards  
Nashville District Office  
233 Cumberland Bend Drive, Suite 110  
Nashville, TN 37228  
(615) 736-5906 Fax: (615) 736-7148



September 15, 2011

Mr. Glenn Smith, Treasurer  
Letter Carriers, Natl, Asn, AFL-CIO Local 1999  
[REDACTED]  
Kingsport, TN 37664

Case Number: [REDACTED]  
LM Number: 084102

Dear Mr. Smith:

This office has recently completed an audit of Letter Carriers, Natl, Asn, AFL-CIO Local 1999 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 August 24, 2011, 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 Local 1999's 2011 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 1999's receipts journal reflect the date the union deposited 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.

2. Meal Expenses

Local 1999 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$200. 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.

Local 1999 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, the local pays for the meals of the attendees at the membership meeting but a list of the name of attendees was not retained with the receipt. 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. General Reimbursed and Credit Card Expenses

Local 1999 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers totaling at least \$200.00. For example, the local purchased some gift cards and bought some postage stamps using the local's debit card but the receipt for those charges was missing.

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 Local 1999 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 Local 1999 for the fiscal year ended December 31, 2010 was deficient in that:

Disbursements to Officers (LM-3)

Local 1999 did not include some reimbursements to officers totaling at least \$118.33 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

I am not requiring that Local 1999 file an amended LM report for 2010 to correct the deficient items, but Local 1999 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Letter Carriers, Natl, Asn, AFL-CIO Local 1999 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

cc: Mr. John Thomas, President