



February 26, 2013

Mr. Joe McQuaide, President
NALC Branch 1977
P.O. Box 7972
Newark, DE 19714-7972

Case Number: 140-11110 [REDACTED]
LM Number: 080808

Dear Mr. McQuaide:

This office has recently completed an audit of NALC Branch 1977 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 February 25, 2013, 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 1977's 2011 records revealed the following recordkeeping violations:

1. Debit Card Expenses

Branch 1977 did not retain adequate documentation for debit card expenses incurred by union officers totaling at least \$1,054.15. For example, receipts for a debit card purchase at Keyser's Ridge Auto for \$41.35 on June 9, 2011 and for airfare totaling \$1,012.80 purchased on June 15, 2011 were not maintained.

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

Branch 1977 did not require officers to submit itemized receipts for meal expenses totaling at least \$35.66. 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 1977 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, a purchase of \$35.66 at Season's Pizza in Newark, DE on February 16, 2011 was not recorded in the union's disbursement ledger and no receipt or voucher was maintained. 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. Lack of Salary Authorization

Branch 1977 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Branch 1977 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Mr. Joe McQuaide

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I want to extend my personal appreciation to NALC Branch 1977 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,



Senior Investigator

cc: Mr. John Yardley, Treasurer