



December 21, 2016

Ms. Chantay Rogers, President
Letter Carriers Natl Asn AFL-CIO Branch 1107
1241 Central Avenue
P.O. Box 8112
Wilmette, IL 60091-8112

Case Number: 310-6009435 [REDACTED]
LM Number: 508239

Dear Ms. Rogers:

This office has recently completed an audit of Letter Carriers Natl Asn AFL-CIO Branch 1107 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 [REDACTED] and former Treasurer [REDACTED] on December 9, 2016, 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 1107's records for fiscal year ending March 31, 2016, revealed the following recordkeeping violations:

1. Meal Expenses

Local 1107 did not retain receipts for meal expenses totaling at least \$544, paid to Ruby Tuesday. The union must maintain itemized receipts for meals at restaurants. 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. 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.

2. Lost Wages

Local 1107 did not retain adequate documentation for lost wage reimbursement payments to you on two occasions totaling at least \$610. 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 Local 1107, retained NALC Official Warrant's (vouchers), U.S. Postal Service Earnings & Leave Statements and payroll documentation illustrating the gross pay, deductions and net pay; however, the lost wage vouchers do not identify the union business conducted.

Based on your assurance that Branch 1107 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 1107 for the fiscal year ended March 31, 2016, was deficient in that:

1. Disbursements to Officers

Local 1107 did not include some disbursements report some payments for salary and reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, you received at least \$2,930 in gross salary and lost wages; however, \$3,923 was reported in Column D (Gross Salary) of Item 24. In addition, you were directly reimbursed \$4,008 for reimbursed expenses; however, only \$1,207 was reported in Column E (Allowances and Other Disbursements) of Item 24. It appears the union erroneously over-reported salary and reported direct reimbursements to officers elsewhere on the report.

The union must report most direct disbursements to Local 1107 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 File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 1107 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Branch 1107 has now filed a copy of its constitution and bylaws.

Local 1107 must file an amended Form LM-3 for the fiscal year ended March 31, 2016, to correct the deficient items discussed above. I encourage Local 1107 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than January 20, 2017 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Issues

Lost Time Policy

The audit revealed some possible discrepancies concerning lost time payments to [REDACTED] and [REDACTED], Section X, Article I, states "Time missed by officer conducting union business will be reimbursed by the union only up to an eight hour day." The audit revealed that you and [REDACTED] submitted lost time claims for ten hours each on September 16, 2015. In addition, in at least one instance a lost time voucher was not signed by the authorized officer as required.

OLMS recommends Local 1107 adopt/update its written guidelines for the

reimbursement of lost wages as such policies can help ensure effective control over union finances. In addition, OLMS recommends that Local 1107 review its lost time and payroll procedures to improve internal control of union funds. Verification of lost time claims submitted by union personnel by either allowing trustees to compare lost time claims to employer records or by requiring union personnel to submit proof of lost wages claimed (for example time cards) can be an effective internal control for such payments. If any repayment is made to Local 1107, I would appreciate it if you would provide evidence of that payment to me.

I want to extend my personal appreciation to Letter Carriers Natl Asn AFL-CIO Branch 1107 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,

[REDACTED]

Investigator

cc: [REDACTED], former Treasurer
[REDACTED] Treasurer