



September 15, 2016

Mr. Kenneth Leftridge, Treasurer  
National Postal Mail Handlers Union Local 306  
9045 S. Western Avenue  
Chicago, IL 60620

Case Number: 310-6004176  
LM Number: 092054

Dear Mr. Leftridge:

This office has recently completed an audit of National Postal Mail Handlers Union Local 306 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 30, 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 Local 306's 2014 records revealed the following recordkeeping violations:

#### 1. Fixed Assets

The Local did not maintain a complete inventory of furniture purchased and donated in 2014. For example, the inventory list does not include a laptop and a monitor purchased on September 9, 2014. The union's accountant advised that fixed assets purchased for less than \$500 are not included in the union's inventory list. You must retain an inventory or similar record of property to verify the information that must be reported in Item 27 (Fixed

Assets). LM-2 instructions state that the union must report details of all fixed assets, such as furniture and equipment owned at the end of the reporting period. The union must include fixed assets that were expensed, fully depreciated, or carried on the books at scrap value or other nominal value.

2. Gift Cards

Although some branch officers identified the names of recipients of gift cards purchased by the Local, this was not done by all branch presidents. For example, the Local did not keep a list of the recipients for 79 gift cards totaling \$2,150. Also, union records do not identify the names of recipients of gift cards purchased on December 15, 2014 for \$500.

Other Issues

1. Lost Time Claims

The review of documents supporting compensation to officers and employees disclosed that an employee submitted multiple wage reimbursement forms resulting in excess salary payment of \$1,053.64. You advised that this was clerical error, and the employee has since repaid Local 306. OLMS recommends Local 306 review its voucher and disbursement procedures to improve internal control of union funds.

2. Use of Signature Stamp

During the audit, it was advised that the president and the treasurer have signature stamps. The treasurer keeps his signature stamp in his possession, but the vice president, with the approval of the president, uses her signature stamp to countersign checks. Although the Local maintains records documenting the use of the signature stamp and the president initials vouchers supporting all checks, the purpose of the two signature requirement is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check and negates the purpose of the two signature requirement. OLMS recommends that Local 306 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to you, the Local's accountant, and other officers and staff of National Postal Mail Handlers Union Local 306 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: Ms. June Harris, President