



April 27, 2017

Mr. Eric Sloan, Union President
Letter Carriers, Natl Asn, AFL-CIO
Branch 73
1842 Candler Road
Decatur, GA 30032

Case Number: 410-6007427 [REDACTED]
LM Number: 082065

Dear Mr. Sloan:

This office has recently completed an audit of Letter Carriers, Natl Asn, AFL-CIO Branch 73 (NALC Branch 73) under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on April 14, 2017, 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 73's 2016 records revealed the following recordkeeping violations:

1. Disposition of Property

Branch 73 did not maintain an inventory of tickets that it sold for its annual retirement dinner or annual picnic. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30 of the LM-3. The union must record in at least one record the date and amount received from each sale of tickets and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

2. Failure to Record Receipts

Branch 73 did not record in its receipts records some monies that was received for ticket sales. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Branch 73 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Duplicate Receipts

Members of Branch 73 purchased tickets, but the union did not issue receipts for the ticket sales. OLMS recommends that Branch 73 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Expense Policy and Failure to Follow Local Bylaws

As I discussed during the exit interview with the union president, the audit revealed that Branch 73 does not have a clear policy regarding a claim for lost wages reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

Additionally, the Branch 73 bylaws provide that travel expenses for training may be reimbursed for training outside of the local city limits and that per diem will be paid at \$35.00 per day. However, some executive board members were reimbursed lodging and travel expenses totaling at least \$1,000 for September union training that occurred in the city of Atlanta. Additionally, some meal expenses incurred by Former President [REDACTED]

██████████ for union business exceeded the daily per diem limit.

I want to extend my personal appreciation to NALC Branch 73 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,

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Investigator

cc: Mr. Loyd Johnson, Treasurer