



November 27, 2018

Mr. Greg Mosley, President
National Association of Letter Carriers
Branch 4323
P.O. Box 1112
Marrero, LA 70073

Case Number: 420-6014746
LM Number: 084319

Dear Mr. Mosley:

This office has recently completed an audit of National Association of Letter Carriers (NALC) Branch 4323 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 yourself and Treasurer Irvin Selzer on November 27, 2018, 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 4323's 2017 records revealed the following recordkeeping violations:

1. Failure to Keep Records

Branch 4323 failed to maintain an accurate check register, by not recording actual ATM withdrawals, and instead, recording where the funds were spent and the amount. When the

amount did not total the entire ATM withdrawal, Mr. Selzer stated that Mr. Mosley used the remaining funds to buy food for the Branch's food drive; however, there is no documentation on record regarding how much money was used on the food drive, how it was used, or by whom. The Branch failed to maintain documentation for the approval of events, to include the Branch annual picnic and a retirement party. There were no invoices for the quarterly professional fees from the Branch's CPA Jim Martin, totaling at least \$1,200.00.

As noted above, labor organizations must retain original receipts, bills, and invoices 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. Information not Recorded in Meeting Minutes

During the audit, Mr. Mosley and Mr. Selzer advised OLMS that the membership authorized all disbursements at the monthly membership meetings, and the executive board authorized all disbursements at the same meetings. The Branch's bylaws requires that communications of bills, reading, and action thereon be authorized by the membership. However, the minutes for the meetings do not contain any reference to many of the disbursements, and Branch 4323 maintained no minutes for at least six meetings during the audit period. The Branch also failed to record in the meeting minutes which officers were authorized to attend trainings, receive lost time, and per diem.

Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Lost Wages

Branch 4323 did not retain adequate documentation for lost wage reimbursement payments to union officers, totaling at least \$1,550.16. 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. For example, the OLMS audit found that Branch 4323's employee journal kept by CPA Jim Martin was inaccurate with amounts, dates, and did not contain the nature of union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contained a sample of an expense voucher Branch 4323 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Branch 4323 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 4323 for the fiscal year ended June 30, 2018, was deficient in the following areas:

1. Deficient Filing

Branch 4323's LM-3 report, for fiscal year ending June 30, 2018, contained payments recorded twice in the Employee Salary Journal, and were outside of the fiscal year. These incorrectly recorded payments totaled an overage of, at least \$6,041.24, reported in Column D of the LM-3 report.

2. Disbursements to Officers (LM-3)

Branch 4323 did not include some reimbursements to officers totaling at least \$612.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers) in Column E of the LM-3 report. It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Branch 4323 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).

3. 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. Branch 4323 amended its constitution and bylaws in 2016, but did not file a copy with its LM report for that year.

Branch 4323 has now filed a copy of its constitution and bylaws.

Branch 4323 must file an amended Form LM-3 for the fiscal year ended June 30, 2018, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than December 20, 2018. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

ATM Withdrawals

OLMS suggested to Branch 4323 that they review their current use of the ATM card for cash withdrawals, and instead make actual purchases, which will allow receipts to be maintained to justify and verify the expenses.

I want to extend my personal appreciation to National Association of Letter Carriers Branch 4323 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. Irvin Selzer, Treasurer