



April 17, 2018

Ms. Crystal Prater, President
Letter Carriers, Natl Asn, AFL-CIO Branch 904
Post Office Box 342
Sumter, SC 29151-0342

Case Number: 410-6012614 [REDACTED]
LM Number: 083556

Dear Ms. Prater:

This office has recently completed an audit of Letter Carriers, Natl Asn, AFL-CIO Branch 904 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 and Treasurer Catherine Williams on February 15, 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 904's 2016 and 2017 records revealed the following recordkeeping violations:

1. General Debit Card Expenses

Branch 904 did not retain adequate documentation for debit card expenses incurred by the union officers totaling at least \$38.54. For example, the Branch failed to retain a receipt for a meal paid with the local's debit card.

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 904 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, the local incurred meal expenses and recorded the union business conducted as a meeting; however, the local failed to record the names of the attendees. 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. Lost Wages

Branch 904 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$600. 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 Branch 904 did not maintain adequate documentation of how the lost time was paid. The local retained the checks stubs and detailed the lost wage information on the check stub. However, the check stub did not identify the date, number of hours, and rate of pay for lost wages.

I have enclosed a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Branch 904 may use to satisfy this requirement. The sample identifies the type of information and documentation that the Branch must maintain for lost wages and other officer expenses.

4. Failure to Record Receipts

Branch 904 did not record in its receipts records some employer dues checkoff checks totaling at least \$4,000. For example, Branch 904 failed to maintain a general ledger or receipt journal for its receipt records. 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 904 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 Reports (Form LM-3) filed by Branch 904 for the fiscal years ended December 31, 2016 and December 31, 2017 were deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Branch 904's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Disbursements to Officers (LM-3)

Branch 904 did not include some reimbursements to officers totaling at least \$100 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these indirect payments to officers for union business in Item 24. The union must report most direct disbursements to Branch 904 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 904 did not have a copy of its constitution and bylaws (undated) on file with OLMS.

Local 904 has now filed a copy of its constitution and bylaws.

Branch 904 must file an amended Form LM-3 for the fiscal year ended December 31, 2017, to correct the deficient items discussed above. I encourage Branch 904 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 **May 5, 2018** 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.

I want to extend my personal appreciation to Letter Carriers, Natl Asn, AFL-CIO Branch 904 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Ms. Catherine Williams, Treasurer