



July 19, 2019

Ms. Marie Buechler, Treasurer
Letter Carriers Branch 791
2812 Lombard Street, Suite 209
Everett, WA 98201-3005

Case Number: 530-6013152 [REDACTED]
LM Number: 083332

Dear Ms. Buechler:

This office has recently completed an audit of Letter Carriers Branch 791 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 July 19, 2019, 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 791's 2017 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$2,026.27 during 2017. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business

purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

2. Lost Wages

Branch 791 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$8,563.04. 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 791 did not identify the union purpose for at least \$4,919.30 in lost wages and did not identify the applicable rate of pay for at least \$6,874.81 in lost wages

During the exit interview, I provided a compliance tip sheet, Union Lost Time Payments, that contained a sample of an expense voucher Branch 791 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 791 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 791 for the fiscal year ended December 31, 2017, was deficient in the following area:

Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Branch 791'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.

I am not requiring that Branch 791 file an amended LM report for 2017 to correct the deficient item, but Branch 791 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violation

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those

individuals or their predecessors handled during the preceding fiscal year.

Branch 791's officers and employees are currently bonded for \$50,000, but they must be bonded for at least \$64,231.46. Branch 791 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than August 19, 2019.

I want to extend my personal appreciation to Letter Carriers Branch 791 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.

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

Investigator

cc: Ms. Christina Myers, Secretary