



April 16, 2019

Mr. Isaiah White, Treasurer
Letter Carriers, Natl Asn, AFL-CIO, Branch 578
P O Box 15751
Savannah, GA 31416

Case Number: 410-6015017
LM Number: 515309

Dear Mr. White:

This office has recently completed an audit of Letter Carriers, Natl Asn, AFL-CIO, Branch 578 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, President Bynoskia Sams, and Trustee Rossell Powell on March 28, 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 578's 2018 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Branch 578's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for

Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Failure to Record Disbursements

Branch 578 did not record in its disbursement records monthly mortgage payments made to Bank of America during the audit period nor did they have an invoice for payments made to the cleaning and lawn care vendor. In addition, some disbursements were recorded in the union's records in the month after the payment was disbursed.

Based on your assurance that Branch 578 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

Duplicate Receipts

Tenants of Branch 578 pay rent directly to the union. The Financial Secretary records rent payments in the union's receipts journal, but he does not issue receipts to rent payers. OLMS recommends that Branch 578 use a duplicate receipt system where the union issues original pre-numbered receipts to all tenants 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 that 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.

I want to extend my personal appreciation to Letter Carriers, Natl Asn, AFL-CIO, Branch 578 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. Bynoskia Sams, President