



February 3, 2023

Steve Cooper, President
Postal Workers, American, AFL-CIO
Local Union 168
P.O. Box 9688
Greenville, SC 29604

Case Number: 410-6025391()
LM Number: 506113

Dear Steve Cooper:

This office has recently completed an audit of Postal Workers, American, AFL-CIO Local Union 168 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 Adrienne Griffin and Teresa Parler on January 12, 2023, 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 Local 168's 2021 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 168 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$8,370.53. For example:

A credit card purchase on February 21, 2021 at Uber for \$7.76 was missing a receipt and purpose for expense. A credit card purchase on May 14, 2021 at Chili's for \$145.13 was missing the receipt and purpose for the expense.

A credit card purchase on August 2, 2021 at Hilton Garden Inn for \$329.40 was missing an invoice or receipt and purpose for expense. A credit card purchase on August 16, 2021 at Best Western for \$162.00 was missing an invoice or receipt and purpose for expense.

A credit card purchase for twenty-five rooms for a union meeting on August 25, 2021 in Greenville, SC for \$280.00 each, for a total of \$7,000.00, was missing invoices or receipts and purpose for the expense.

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. Lost Wages

Local 168 did not retain adequate documentation for lost wage reimbursement payments to Treasurer Jennifer DeShields totaling at least \$604.16. 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. The OLMS audit found that Local 168 only retained the itemized check stub which indicated the number of hours lost and the hourly rate. However, Local 168 did not retain documentation to show authorization for the lost wages, the dates claimed for lost wages, or any description of the work conducted on behalf of the union. Finally, the union does not have a formal written lost time policy that details the process for the authorization of lost wages, authorized business to be conducted on behalf of the union, or the amount of time that can be claimed for lost time.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 168 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.

3. Information not Recorded in Meeting Minutes

During the audit, Ms. Griffin advised OLMS that the local's bylaws require that all expenses must be brought before the membership for authorization. The union's constitution and bylaws do not detail the process by which any expenses are authorized. Local 168 bylaws Article 9, Sections 1 and 3(b)(2) indicate the president will sign all warrants for the disbursement of funds, and the treasurer will promptly issue warrants for the payment of all authorized union bills. The general membership meeting minutes for fiscal year ending December 31, 2021 do not record any reference to the authorization of any expenses for the union by the general membership or

union officers during the fiscal year. Local 168 did not maintain executive board minutes for fiscal year 2021. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 168 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 Local 168 for the fiscal year ended December 31, 2021, was deficient in the following area:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 168'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.

Local 168's beginning of the year balance on the 2021 Form LM-3 did not match the end of year balance on the 2020 Form LM-3. The OLMS audit revealed the union had not been reconciling the union's books to the union's bank statements when filing the annual LM-3. The union had been using the books to file the LM-3 without accounting for outstanding checks. The union's books were not routinely reconciled by the treasurer.

I am not requiring that Local 168 file an amended LM report for 2021 to correct the deficient items, but Local 168 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview, the audit revealed that Local 168 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. Additionally, Local 168 does not have a clear policy on how expenses are authorized and by whom. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Countersigning Checks

The audit revealed most checks drawn on the union's accounts were signed by only one officer. Local 168 bylaws Article 9, Section 3(b)(3) require all checks to be signed by the local president

and treasurer. In the absence of either the president or treasurer, the local's vice president may sign for the officer unable to sign the checks. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. It is recommended Local 168 require all checks to be countersigned in accordance with the union's bylaws.

I want to extend my personal appreciation to Postal Workers, American, AFL-CIO Local Union 168 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 solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Jennifer DeShields, Treasurer