



July 31, 2018

Ms. Zelda McCoy, State Treasurer  
Postal Workers, American, AFL-CIO  
P O Box 90701  
Columbia, SC 29290

Case Number: 410-6009796  
LM Number: 514985

Dear Ms. McCoy:

This office has recently completed an audit of Postal Workers, American, AFL-CIO, Local 7076 under the Compliance Audit Program (CAP) to determine Local 7076'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 30, 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 Local 7076's 2016 records revealed the following recordkeeping violations:

1. Failure to Record Disbursements

Local 7076 did not maintain any union books to record the disbursement of salaries, lost time, or union expenses during the audit period. Union disbursement records must include an adequate identification of all money the union disburses. The records should show the date and amount disbursed, and the source of the disbursement.

2. Failure to Record Receipts

Local 7076 did not maintain any union books to record the receipt of employer dues checkoff checks, which was the only source of receipts income, received during the audit period. 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.

3. Lack of Salary Authorization

Local 7076 did not maintain records to verify that the salaries reported in Item 18 of the LM-4 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 7076 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following 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.

The audit revealed that Local 7076's officers and employees were not bonded for the minimum amount required at the time of the audit. However during the audit process, Local 7076 terminated and filed a terminal report that was received by OLMS May 30, 2017 and did not merge with another local union. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to you and to Postal Workers, American, AFL-CIO, Local 7076 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 recorded in the local's closing files. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]

[REDACTED]

Investigator