



August 11, 2020

Mr. Brian Warden, Vice President
Postal Workers Local 7160

Case Number: 530-6017851 [REDACTED]
LM Number: 540972

Dear Mr. Warden:

This office has recently completed an audit of Postal Workers Local 7160 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 30, 2020, 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 7160's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

Local 7160 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers totaling at least \$6,999.78. For example, Article 13, Section 4 of the Local 7160 Bylaws states that

officers and stewards local union dues shall be reimbursed in December of each year provided that he/she attended all general membership meetings during the year or had been properly excused by the Executive Board. Stewards must also have attended all steward meetings or have been properly excused by the Chief Steward.

However, Local 7160 did not maintain documentation to substantiate that officers and stewards who received at least \$2,503.88 in reimbursed dues attended, or were excused from, the required meetings and were authorized to receive the dues reimbursements. In addition, Local 7160 purchased at least \$1,135.69 in shirts with no union purpose or authorization documented. 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 7160 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$4,280.97. 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 7160 retained vouchers for all lost wage claims and, in most instances, attached a leave form from the employer identifying the dates lost wages were incurred. However, in at least seven instances totaling at least the \$4,280.97 noted above, Local 7160 did not note on the lost wage vouchers the dates the lost wages were incurred, nor was there any other documentation identifying the dates the wages were lost.

I have enclosed a compliance tip sheet, *Union Lost Time Payments*, that contains a sample of an expense voucher Local 7160 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. Disposition of Property

Local 7160 did not maintain an inventory of shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union shirts, hats, jackets, and other items. In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Disbursement Dates not Recorded

At least 22 check entries in Local 7160's disbursements journal did not reflect the dates the union wrote checks. Union disbursement records must show the date of disbursement. The date of disbursement 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 disbursements when it actually pays out money. Failure to record the date money was disbursed could result in the union reporting some disbursements for a different year than when it was actually disbursed.

5. Information not Recorded in Meeting Minutes

During the audit, Mr. Warden stated that the executive board authorized expenses, such as \$1,135.69 spent on shirts, at its meetings. However, Local 7160 did not maintain meeting minutes of its executive board meetings and there was no other documentation reflecting executive board authorization of expenses. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 7160 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 LM-3 filed by Local 7160 for the fiscal year ended December 31, 2019 was deficient in the following area:

Disbursements to Officers (LM-3)

Local 7160 did not include reimbursements to officers totaling at least \$1,969 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Items 48 (Office and Administrative Expense) and 54 (Other Disbursements).

The union must report most direct disbursements to Local 7160 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).

Local 7160 must file an amended Form LM-3 for the fiscal year ended December 31, 2019 to correct the deficient item discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than September 11, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Postal Workers Local 7160 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. Mary Anne Nito-Gonzales, Treasurer