



February 22, 2023

Mr. Robert B. Goulsby, President
Postal Workers, American, AFL-CIO
Local 308
P. O. Box 1185
Clarksville, TN 37041

Case Number: 410-6023709()
LM Number: 071338

Dear Mr. Goulsby:

This office has recently completed an audit of Postal Workers, American (APWU), AFL-CIO Local 308 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 February 10, 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.

Reporting 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 308's records for fiscal year ending May 31, 2021 revealed the following recordkeeping violations:

1. General Expenses

Local 308 did not retain adequate documentation for a general expense totaling at least \$850. For example, the local incurred an expense for bookkeeping services for \$850. However, the local did not maintain any supporting documentation 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 Time

Local 308 did not retain adequate documentation for lost time reimbursement payments to election officials totaling at least \$1,228.29. The union must maintain records in support of lost time claims that identify each date lost time was 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 308 did not maintain any documentation supporting the payments.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 308 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. Failure to Record Receipts

Local 308 did not record in its receipts records dues checkoff receipts and interest earned on its savings account totaling at least \$9,985.67. For example, Local 308 did not record \$9,932.18 in dues receipts from its parent body. Additionally, the union did not record \$3.49 in interest payments that it earned on its savings account. 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.

4. Failure to Maintain Book Balance

Local 308 failed to maintain book balances of its checking and savings accounts. As previously mentioned, Section 206 of the LMRDA 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. Your union's account balances should be reconciled with the balances shown on the bank statements.

Based on your assurance that Local 308 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 308 for fiscal years ended May 31, 2021 and May 31, 2022 were deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) of the report for fiscal year ended May 31, 2022 should have been answered, "Yes," because the union gave away gift cards totaling more than \$1,200 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Cash Reconciliation

Local 308's reported cash figures for the period do not balance (reconcile) for fiscal years ending May 31, 2021 and May 31, 2022. Specifically, cash at the start of the reporting period (Item 25(A)) plus total receipts (Item 44) minus total disbursements (Item 55) does not equal cash at the end of the reporting period (Item 25(B)).

Local 308 must file an amended Form LM-3 for fiscal years ended May 31, 2021 and May 31, 2022, to correct the deficient items 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 March 9, 2023. Before filing, review the reports thoroughly to be sure they are complete and accurate.

Other Violation

Bond Coverage

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. Local 308 permitted unauthorized persons to sign checks and serve as an account signatory. For example, Secretary-Treasurer Darlene Galloway is no longer a member of Local 308, but the audit revealed she remains as an account signatory, and she signed a few checks during fiscal year ending May 31, 2022. Additionally, the union permitted former Secretary-Treasurer Dawn Horton to sign checks after her term of office concluded. Local 308's certificate of bond specifically states that coverage includes every officer and employee of the union.

Section 502 of the LMRDA requires every officer, agent, shop steward, or other representative or employee of any labor organization (other than a labor organization whose property and

annual financial receipts do not exceed \$5,000 in value) or of a trust in which a labor organization is interested, who handles funds or other property thereof shall be bonded to provide protection against loss by reason of acts of fraud or dishonesty or his part directly or through connivance with others. Any person who is not covered by such bonds shall not be permitted to receive, handle, disburse, or otherwise exercise custody or control of the funds or other property of a labor organization or of a trust in which a labor organization is interested.

Local 308 must remove Ms. Galloway from the bank signatory card and provide proof of such action no later than March 9, 2023.

Other Issue

Signing Checks

The audit revealed that Local 308 permits one officer to sign checks. A 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. OLMS recommends that Local 308 utilizes the two-signature requirement to improve internal control of union funds.

I want to extend my personal appreciation to APWU Local 308 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.A smaller black rectangular redaction box covering the name of the investigator.

Investigator