



February 21, 2012

Mr. Ken George, President  
Postal Workers, American, AFL-CIO State Association  
1711 Old Shell Road  
Mobile, AL 36604

Case Number: [REDACTED]  
LM Number: 085848

Dear Mr. George:

This office has recently completed an audit of Postal Workers, American, AFL-CIO, State Association (Alabama) 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, Secretary Treasurer Bridget Groves, and Legislative Director Sonja Davis on February 17, 2012, 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 State Association's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

The State Association did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,518.50. For example, a reimbursement to

President Sara Witherspoon on July 6, 2010 in the amount of \$92.00 for union expenses did not have an adequately completed expense voucher; specifically no union purpose was noted for the expense. Additionally, reimbursements to Legislative Director Sonja Davis, in May 2010 and July 2010, in the amount of \$340.50, did not have adequately completed expense vouchers; specifically, no per diem amounts were listed and there was no signatures on the vouchers.

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. Information not Recorded in Meeting Minutes

During the audit, President Ken George advised OLMS that the membership authorized a retirement gift in the amount of \$500.00 to [REDACTED] in March 2011. Article 7 of the By Laws dated June 2010 requires all disbursements to be approved by the membership. However, the minutes of the meeting do not contain any reference to this issue. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Lost Wages

The State Association did not retain adequate documentation for a lost wage reimbursement payment to a union officer totaling at least \$156.54. 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 the State Association retained a lost time voucher that did not identify the reason for lost time or nature of union business conducted.

During the exit interview, I provided a sample of an expense voucher the State Association 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.

4. Fixed Assets

The State Association did not have a fixed asset list or inventory sheet that could be located for the audit year or any previous year. The union had fixed assets, including, but not limited to printers and laptop computers. The proper maintenance of union records is the responsibility of the president and treasurer (or corresponding principal officers) of your union who are required to sign your union's LM report.

## 5. General Disbursements

The State Association did not retain adequate documentation for disbursements totaling at least \$3,059.91. For example, the union did not maintain an invoice, bill, or receipt for a T-Shirt purchase at Shivawear on 02-14-2011 in the amount of \$107.29. Additionally, the union did not maintain an invoice, bill, or receipt for a airline ticket purchase from Delta Airlines on 06-05-2010 in the amount of \$369.40.

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.

Based on your assurance that the State Association 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 violations 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 the State Association for fiscal year ending April 30, 2010, was deficient in the following areas:

#### 1. Certificates of Deposit Reported As Investments

The State Association improperly included the value of a certificate of deposit as an investment on line 28 (Investments) of the Form LM-3. For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

#### 2. Failure to File By Laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a Union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Alabama Postal Workers amended its By Laws in 2010 but did not file a copy with its LM report for that year. Alabama Postal Workers took immediate steps to correct the violation and has now filed a copy of its constitution and bylaws.

Other Violation

Failure to File Required Financial Reports

The union and its responsible officers failed to file the required annual financial report with the Secretary of Labor. The audit revealed that the State Association had not filed their Form LM-3 for FYE April 30, 2011 as of February 7, 2012. Alabama Postal Workers took immediate steps to correct the violation and filed their required financial report with the Secretary on February 9, 2012.

I am not requiring that the State Association file an amended LM report for 2010 to correct the deficient items, but the State Association has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to the State Association 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: Ms. Bridget Groves, Financial Secretary